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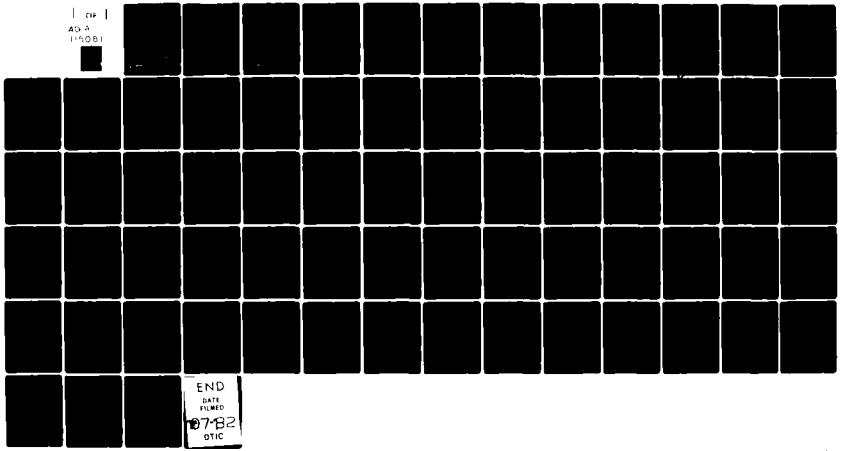

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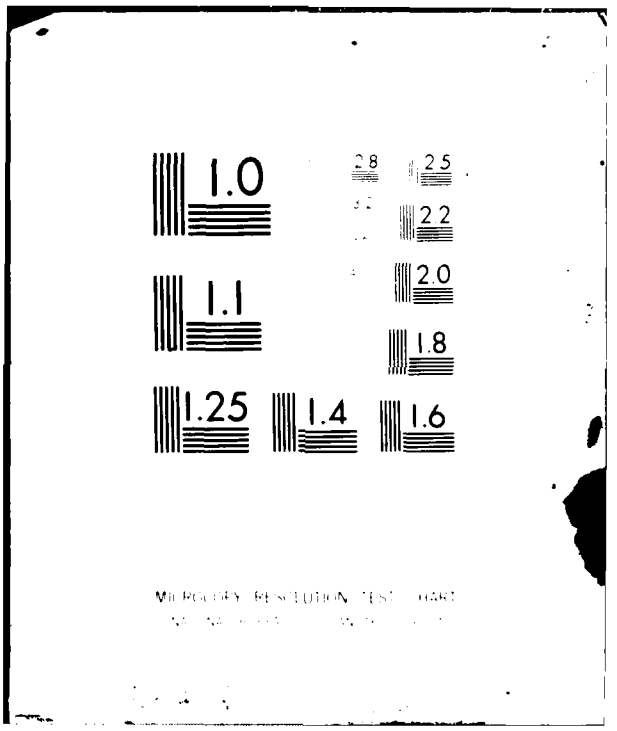
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A RAND NOTE

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Norman D. Levin

February 1982

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Prepared For

The Director of Net Assessment,
Office of the Secretary of Defense

Rand
SANTA MONICA, CA. 90406

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N-1895/1-NA Management and Decisionmaking in the North Korean Economy.# N. D. Levin. February 1982.
This study examines the implications of North Korea's broad approach to decisionmaking and the management of its economy for its ability to sustain a high level of military effort over the next 5-7 years. The study is divided into two main sections. The first concerns the capabilities of the management system. The second section focuses on elite perceptions. A final section assesses the implications of North Korea's broad management approach for the question of military "sustainability." 61 pp.
(Author)
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PREFACE

The Korea Institute for Defense Analysis (KIDA) and The Rand Corporation are collaborating in an evaluation of the ability of North Korea to sustain a high level of military effort over the next decade. Rand's participation in the study is supported by the Directorate of Net Assessment in the Office of the Secretary of Defense. KIDA's participation is supported by the Korean Ministry of National Defense. The joint study report focuses on five broad areas pertaining to North Korea's military and economic capability: national accounts; the relationship between civil and military development; sectoral issues and bottlenecks; foreign trade and finance; and management and decisionmaking. The study has also involved the development and use of two computer models of the North Korean economy to estimate military spending prospects in the 1980s. The following pages document one of these areas, management and decisionmaking in the North Korean economy.

Research for this study was conducted between October 1980 and June 1981. The cutoff point for data collection was September 1981.

SUMMARY

This study examines the implications of North Korea's broad approach to decisionmaking and the management of its economy for its ability to sustain a high level of military effort over the next 5-7 years. The study is divided into two main sections. The first concerns the capabilities of the management system. This section reviews the general model of North Korean management and its associated weaknesses, describes a number of developments over the past ten or fifteen years that may mitigate some of these alleged weaknesses, and assesses the management factors contributing to economic performance. The second section focuses on elite perceptions. Treating North Korea as a unitary actor, this section describes the basic perceptions that underly North Korean decisionmaking as it pertains to the management of the economy, the "minimalist" and "maximalist" policy objectives that derive from these perceptions, and the key variables that determine movement from one to the other inclination. This section concludes with a number of propositions concerning the combination of circumstances likely to lead North Korea either to increase or decrease its military efforts over the next 5-7 years.

A final section assesses the implications of North Korea's broad management approach for the question of military "sustainability." In regard to systemic capabilities, this section examines the main arguments supporting the notion that North Korea's basic approach precludes or fundamentally hinders "sustainability." On balance, it concludes, the capabilities of North Korea's management system will not, in and of themselves, preclude the maintenance of a high level of military effort over the next 5-7 years if the leadership so decides. In fact, in many ways they appear to support it. In regard to the likelihood of such a decision, this section assesses recent trends in the key variables determining North Korean policy inclinations. Its conclusions are twofold: that there are not many factors that are likely to motivate North Korea to significantly *decrease* its military efforts; and

that recent trends point, if anything, to a motivation to *increase* or at least *maintain* these efforts. It the U.S. interest is to induce North Korea to move in the opposite direction, the study suggests, it will have to tailor its policies more specifically toward this objective.

ACKNOWLEDGMENTS

In preparing this report, I have benefited from the opportunity to interact with a large number of individuals. I am grateful to Charles Wolf, Jr., project leader of the Rand team, for his responsiveness to my research efforts and his helpful suggestions at various phases in the evolution of this study. I am also grateful to Richard Sneider, former U.S. Ambassador to the Republic of Korea, for taking the time to read through a draft of this report and giving me the benefit of his knowledge and vast experience. Rand colleagues Harry Gelman, Paul Langer, and Jonathan Pollack also read through an earlier draft of this report and offered innumerable helpful comments and suggestions. So too did Richard Nelson, formerly in the Directorate of Net Assessment and currently at the Central Intelligence Agency, whose suggestions contributed greatly to the structure and substance of this study.

Among my Korean colleagues I am particularly indebted to Dr. Kwan-chi Oh, project leader on the Korean side at the Korea Institute for Defense Analysis, for his thoughtfulness, insight, and timely suggestions. I am also very grateful to Dr. Yeung-gu Cha of KIDA and Dr. Sang-woo Rhee of Sogang University for their critical reactions to sections of an early draft of this report.

Needless to say, I alone am responsible for any errors of fact or interpretation.

CONTENTS

I. INTRODUCTION

In terms of decisionmaking and management of the economy, the question of North Korea's ability to "sustain" its military efforts would seem to hinge upon two basic issues: the capabilities of the management system--that is, the ability to efficiently structure and coordinate productive activity, to motivate workers, and to restrain conflicting consumer pressures; and the perceptions and inclinations of the national leadership--the perceptions that impinge upon the decisionmaking process and the inclinations of the ruling elites that help structure political choices. These two issues interact to generate political change which, in turn, affects economic performance. The purpose of this study is to identify the key elements involved in each of these two issues, to analyze the nature of their political interaction, and to assess their implications for the issue of military "sustainability."

It should be emphasized that, despite its title, this study is not an analysis of North Korean decisionmaking per se, nor of the concrete process by which North Korea's economic policies are fashioned. Indeed, the study consciously avoids questions pertaining to the complex operation of the decisionmaking planning systems, that is, to the way in which wages and prices are determined or in which decisions are made regarding resource allocations among competing demands. Rather, this analysis is focused on one specific question: how will North Korea's broad approach to decisionmaking and the management of its economy affect its ability to sustain a high level of military effort over the next 5-7 years? This focus provides both the impetus and structure for the succeeding analysis.

II. SYSTEMIC CAPABILITIES

GENERAL MODEL AND NEGATIVE FEATURES

Patterned after the Stalinist model of socialist economies, North Korea's basic approach to the management of its economy has been rooted in several ideological tenets and doctrinal predispositions. Allowing for indigenous adaptations, these include the following basic propositions:

- *A socialist system is a centralized system:* North Korean leaders see central planning as essential to avoid total reliance on market forces, to foster equitable economic development, and to maintain unchallenged political control.
- *The supreme force within a centralized, Socialist system is the Party*: without Party dominance the "dictatorship of the proletariat" would collapse and socialist development falter.
- *The objective of Party management of the economy is not just rapid industrialization but the development of a revolutionary socialist economy that would serve as the "base" for a unified, independent state*: this necessitates an emphasis on heavy industry and ascribes high priority to the military sector.
- *The task of economic management involves more ideological than administrative or technical efforts*: based on the principal that men, not machines, are the primary agents in the production process, North Korean leaders place major emphasis on political mobilization to motivate workers and stimulate production rather than on administrative reforms or material incentives.
- *The organization of Party management is predicated upon the dual principles of "democratic" centralism and "collective" leadership*: "democratic" centralism involves reciprocal rights and obligations, with higher authorities required to involve lower level authorities in decisionmaking activities on the one hand and lower authorities required to conscientiously implement decisions and directives of higher

authorities on the other; "collective" leadership structures Party organization at all levels and serves as the mechanism for the exercise of Party rule.

- o *The processes of economic policymaking and implementation are guided by the basic principle of "self-reliance"*: this serves as both the basis of Party legitimacy and the measure of revolutionary success.

Building upon an authoritarian, Confucian tradition, North Korea has developed these dictates into one of the world's most highly centralized and rigidly controlled economies. Particularly significant has been the dominant role of Kim Il-sŏng in determining developmental priorities and structuring economic tasks. Accordingly, the general model of North Korean decisionmaking depicted in the limited literature available stresses the importance of central planning and the "command" qualities of Kim Il-sŏng's rigid political control.

This general model is recognized to have several positive dimensions. The high degree of centralization and rigid control, for example, has enabled North Korea to concentrate development efforts in certain key sectors with rapid growth potential. This was apparently a particularly significant factor in the early stages of North Korea's economic development. It is primarily the problems associated with this model, however, that have received the greatest attention.[1] Among the major problems widely identified are bottlenecks in the efficient operation of the economy that accrue from the high degree of centralization (lack of coordination between various factors or functions, exaggeration of actual production results, etc.); planning uncertainty and systemic instability resulting from the rigid political control (subservience of economic to political considerations, indeterminancy of leadership succession, etc.); sectoral imbalances, secondary disruptions, planning errors, and poor product quality as a consequence of the emphasis on mass movements and ideological

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[1] See, for example, Chung, Joseph Sang-hoon, *The North Korean Economy: Structure and Development* (Hoover Institution Press, 1974).

exhortation to stimulate production; and uneven and repressed growth as a result of the stress on revolutionary socialist development and the related priority given to heavy industry and the military sector. To the extent that such problems are inherent in North Korea's approach to economic management, its prospects for sustaining its extraordinary military efforts will necessarily be diminished. Persistent problems with bureaucratic inertia, with worker motivation, and with product quality suggest important difficulties in this regard.

RECENT DEVELOPMENTS

Despite these problems, the dictates of doctrine, and the resulting nature of North Korea's approach to the management of its economy, may be neither as determinative in the country's behavior nor as consequential for its ability to sustain its military efforts as the general model implies. A number of developments over the past decade or so suggest the need to carefully examine the management model.

The first of these developments concerns measures the North Koreans have adopted to correct the deficiencies of excessive centralization. Many of these measures were adopted in the early 1960s but, apparently, took full effect only toward the latter part of the decade.[2] One of these early measures was adoption of the Ch'ŏngsan-ri method for managing rural cooperatives and farms. This method instituted a new system of relations between higher and lower organs in the agricultural sector. The new system stressed the need for bureaucrats and Party functionaries to interact with the masses and understand local problems before attempting to devise administrative solutions. The method also initiated internal Party reforms aimed at minimizing formalistic procedures. These reforms

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[2]For differing interpretations of these measures, see Brun, E., and Hersh, J., *Socialist Korea: A Case Study in the Strategy of Economic Development* (Monthly Review Press, 1976), pp. 330-368; Kim, Ilpyong, *Communist Politics in North Korea* (Praeger Publishers, 1975), pp. 56-61 and 82-88; and Scalapino and Lee, *Communism in Korea*, Vols. I and II (University of California Press, 1972), passim. The North Korean perspective is presented in numerous speeches and writings of Kim Il-sŏng. See, for example, "On Further Strengthening and Developing the County Cooperative Farm Management Committee," "Immediate Tasks of the Government of the Democratic People's Republic of Korea," "On Further Developing the Taean Work System," and "On Improving and Strengthening the Organizational and Ideological Work of the Party," in Kim Il-sŏng, *Selected Works*, Vol. II.

gave priority to political work and mass involvement over administrative routine. Adoption of this method unquestionably signaled heightened political guidance. The *basic* approach, however, was designed to end the bureaucratic tendency of issuing directives and administrative decrees without taking into account local considerations. By requiring government and party planners to interact with the masses, North Korean leaders provided a means for shaking up the bureaucracy and guaranteeing greater responsiveness to local conditions. In the process, they contributed to ensuring a more realistic setting of economic objectives and a smoother implementation of ensuing development plans.

Another early measure designed to correct the deficiencies of excessive centralization was adoption of the Taean system. This constituted the industrial counterpart to the Ch'ŏngsan-ri method. Substituting a collective leadership system, centered on a new factory party committee, for the previous "one-man management" approach, the Taean system provided the means for greater participation by industrial workers in the planning and decisionmaking processes. This has apparently contributed to expanding technical input at the factory and enterprise level and to facilitating coordination among the political, administrative, and economic authorities. It also has apparently helped to overcome managerial problems between central and local officials.

A third corrective measure concerned reorganization of the cooperative management system. This involved the creation of a new administrative organ, the Agricultural Cooperative Management Committee, at the county level to supervise the productive activities of the individual cooperatives and to devise a comprehensive plan for the entire county. In pursuance of these objectives, North Korean leaders granted the Management Committee a wide range of decisionmaking authority, ranging from the selection of crops and seeds to the drafting of production plans and the organization of the work force. In the process, they shifted many of the tasks previously performed by the central government to levels closer to the production process.

Other measures relating to the problem of excessive centralization were also adopted in the mid- and late 1960s. In 1964, for

example, North Korea restructured its planning machinery under a "unified and detailed planning system" to encourage realistic planning and to stimulate local producer initiatives. This system provided for the establishment of local planning committees and regional planning commissions in "a sufficiently major step toward decentralization that the leadership expressed some anxiety lest they fall into 'regionalist tendencies.'"[3] Similarly, North Korea reorganized the banking system and transferred retailing functions from the central ministries to local administrative organs. Finally, North Korea set up provincial level agencies to supervise the management of local light industries, a measure necessitated by the increased emphasis on local industries associated with the Six Year Plan (1971-76). Facilitated by an increasing number of indigenously trained technicians and specialists available for assignment to lower level production units and regional planning bodies, these measures stimulated a trend toward concentrating management responsibilities in local-level agencies. In the process, they furthered a trend toward confining the role of central ministries to long-range development thinking, to technical guidance, and to ensuring the flow of raw materials and parts.

The argument here, it should be emphasized, is not that North Korea has embarked on a consistent or coherent course to "liberalize" and "decentralize" its economy. There is no question that it remains both politically and economically a *highly* centralized state. Rather it is simply to point out that a number of measures have been taken over the years to correct some of the early structural deficiencies resulting from North Korea's extreme degree of centralization. These measures have apparently helped leaders to identify and remedy potential economic bottlenecks earlier than might otherwise have been expected. In the process, they appear to have added an element of flexibility to an otherwise rigid economy.

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[3]Vreeland, N., and Shinn, R. S., et al., *Area Handbook for North Korea* (U.S. Government Printing Office, 1976), p. 230.

The second development suggesting the need for re-examination of the North Korean management model relates to the increased complexity of economic decisionmaking and the heightened salience of technical expertise. This growing complexity has developed in parallel with the increasing complexity of the North Korean economy. One manifestation of this complexity is the significant enlargement of North Korea's administrative machinery over the course of the 1970s. At the time the new constitution was adopted in 1972, for example, the State Administration Council consisted of six vice-premiers, seven commissions, and fifteen ministries. Despite repeated calls for rationalization and consolidation, by the beginning of 1980 the vice-premiers had been increased to ten, the commissions enlarged to eight, and the ministries expanded to twenty-eight. In mid-1980, three more ministries were created, apparently as a result of increased emphasis on the development of local industry.[4] As indicated in Table 1, most of these new commissions and ministries (32 out of 38) are related to the economy. As indicated in Table 2, this enlargement of North Korea's administrative machinery has not been accompanied by a parallel growth in the economy-related departments of the Party's Central Committee. This has blurred the "dual-structure" (Party-Government) appearance of the governmental apparatus and heightened the importance of the administrative machinery.

Another manifestation of the greater complexity of decisionmaking is the emergence of a new class of technocrats and economic specialists. Yi Chong-ok, a leading economic specialist and administrator who ranked ninth in the Korean Workers Party hierarchy during the early 1960s but was not even among the alternate members of the Central Committee at the 5th Party Congress in 1970, re-emerged as premier in the mid-1970s to symbolize the increased ascendancy of the administrators and technicians. Eleven of the fourteen deputy premiers appointed under Yi

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[4]These three ministries, borne out of the former Light Industry Commission, are the Ministries of Textile Industry, Food Industry, and Local Industry. See *Vantage Point*, September 1980. Reports in 1981 indicated four more vice-premier appointments, bringing the total number to fourteen. See *North Korea News*, March 16, May 4, and October 26, 1981.

Table 1

CENTRAL GOVERNMENT ORGANIZATION
(As of May, 1981)

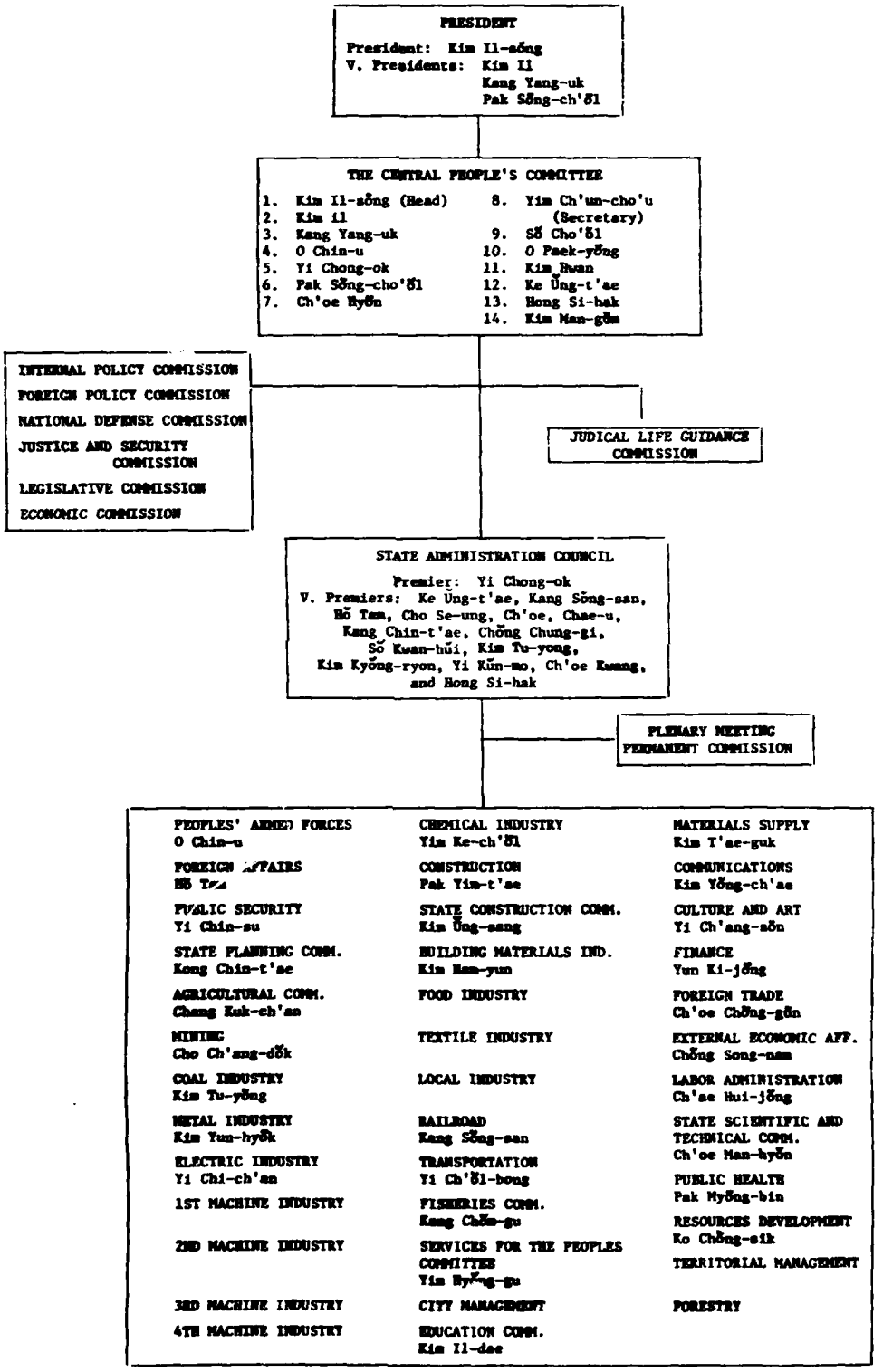
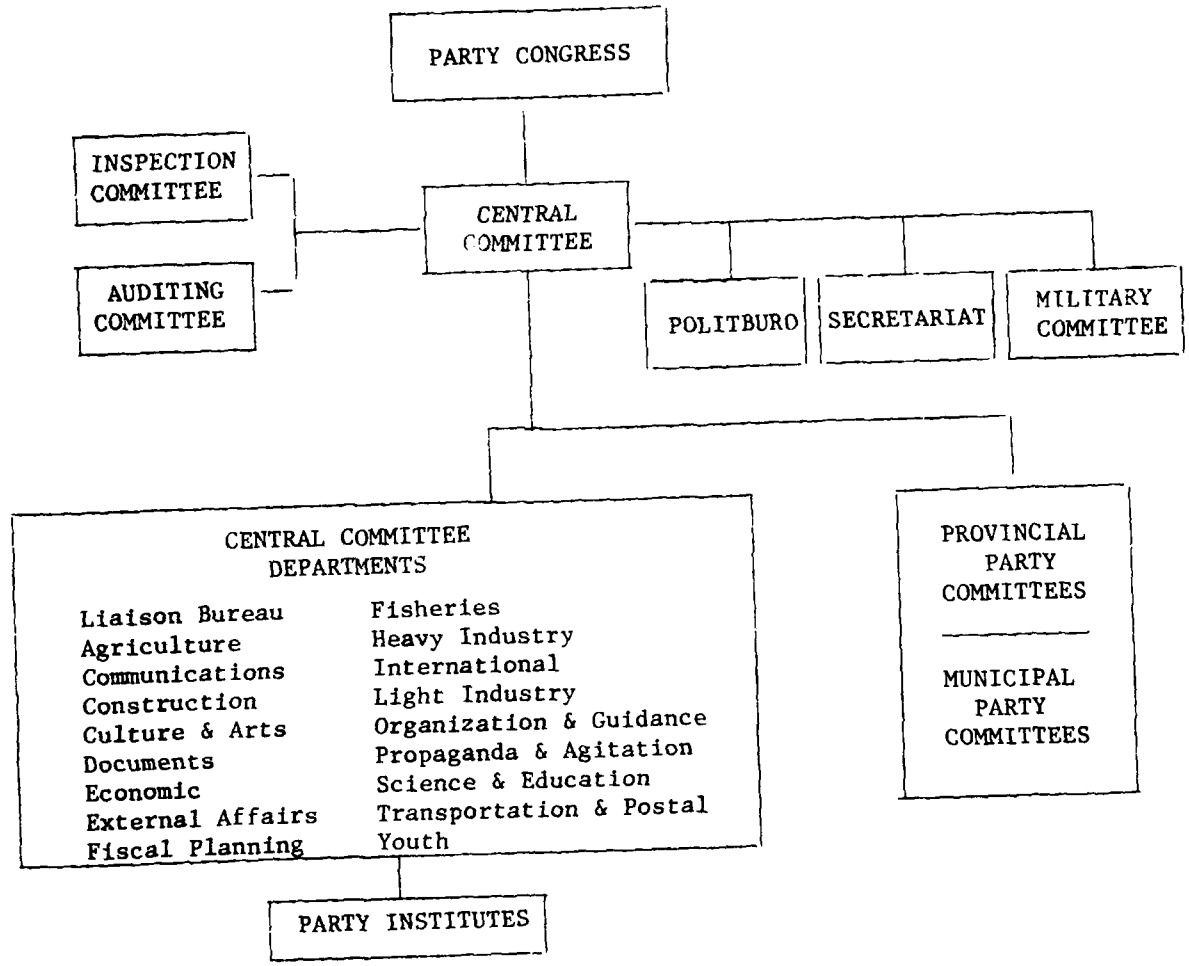


Table 2

PARTY ORGANIZATION
(As of January, 1981)



are technocrats by training and are responsible for overseeing particular economic sectors. As indicated in Table 3, a large number of technicians and economic specialists have risen to high political rankings, mostly just below, but also including, the top-most level of the KWP. Their emergence reflects the increasing dependence of the Party on the bureaucracy for economic planning. Their positions, presumably, have less to do with their political relationships than with their administrative competence and technical expertise.

A third manifestation of the growing complexity of North Korean decisionmaking is the substantial proliferation of central actors. This is reflected clearly in the Party's Central Committee: from a roster of 67 full and 20 candidate members at the time of the 2nd Party Congress, the Central Committee grew to 71 and 45 at the 3rd Party Congress, to 85 and 50 at the 4th, to 117 and 55 at the 5th, and to 145 and 103 at the October, 1980 6th Congress, respectively. A parallel growth is evident in the Party's Politburo, with the 15 members (11 full and 4 candidate members) appointed at the 5th Party Congress in 1970 more than doubling to 34 (19 and 15, respectively) ten years later. Few of these individuals have the kind of personal relationship with Kim Il-sŏng that was characteristic of Kim's old-time fellow revolutionaries. Each of them has a valid claim to a voice in the decisionmaking process. The role of the military is particularly significant in this regard. Over the course of the 1970s, military involvement in the political process seems to have expanded substantially. There is reason to believe that this role will be heightened even further in the manueverings over leadership succession. This suggests a considerably more complex decisionmaking process than the common emphasis on "central command" implies--one open to a greater range of interests and necessarily responsive to a broader span of concerns.

This growing complexity of North Korean decisionmaking has been heightened by two further trends in North Korean politics. The first relates to the aging of the revolutionary leadership, and the increasing compartmentalization of the ruling elite into functional

Table 3

KEY MEMBERS OF THE NORTH KOREAN LEADERSHIP
(As of May, 1981)

Name	KWP Central Committee Rank	Primary Specialization	KWP Political Bureau	KWP Secretariat	KWP Military Affairs Committee	DPRK Central People's Committee	DPRK State Admin. Council	SPA Standing Committee
Kim Il-song	1	Mil-Party-Admin	Presidium member	General Secretary	Chairman	President		
Kim Il	2	Mil-Party-Admin	"			V. Pres.		
O Chin-u	3	Military	"		Member	Member	People's Armed Forc.	
Kim Chŏng-Il	4	Party	"	Secretary	Member			
Yi Chong-ok	5	Admin/Econ	"			Member	Premier	
Pak Sŏng-ch'ŏl	6	Admin/For Aff.	Member			V. Pres.		
Ch'oe Hyŏn	7	Military	Member		Member	Member		
Yim Ch'un-ch'u	8	Admin/For Aff.	Member			Secretary		Ch.Credent.Com.
Sŏ Ch'ŏl	9	Military	Member			Member		
O Paek-yong	10	Military	Member		Member	Member		
Kim Chung-rin	11	Party	Member	Secretary				
Kim Yŏng-nam	12	Admin/For Aff.	Member	Secretary				Member
Chŏn Mun-sŏp	13	Military	Member		Member			
Kim Hwan	14	Admin/Econ	Member	Secretary		Member		
Yŏn Hyŏng-muk	15	Party	Member	Secretary				
O Kŭk-yŏl	16	Military	Member		Member			
Ke Ŭng-t'ae	17	Admin/Econ	Member			Member	V. Premier	
Kang Sŏng-san	18	Admin/Econ	Member				V. Premier Railroad	
Paek Hak-rim	19	Military	Member		Member			
Hŏ Tam	20	Admin/For Aff.	Candidate				V. Premier For. Aff.	
Yun Ki-bok	21	Admin/Econ	Candidate	Secretary				Member Ch. Bills Com.
Ch'oe Kwang	22	Military	Candidate				V.Premier	
Cho Se-ung	23	Admin/Econ	Candidate				V.Premier	
Ch'oe Chae-u	24	Admin/Econ	Candidate				V.Premier	
Kong Chin-t'ae	25	Admin/Econ	Candidate				V.Premier State Plan Com.	Comm.
Chŏng Chun-gi	26	Party	Candidate				V.Premier	
Kim Ch'ŏl-man	27	Military	Candidate		Member			
Chŏng Kyŏng-hŭi	28	Party	Candidate					
Ch'oe Yŏng-rim	29	?	Candidate					
Sŏ Yun-sok	30	Party	Candidate					
Yi Kŭn-mo	31	Admin/Econ	Candidate				V.Premier	
Hyŏn Mu-gwang	32	Admin/Econ	Candidate					
Kim Kang-hwan	33	Military	Candidate		Member			
Yi Sŏn-sil	34	Admin/Econ	Candidate					
Hong Si-hak	35	Admin/Econ		Secretary		Member	V. Premier	Ch.Budget Com.
Pak Su-dong	36	?		Secretary				
Hwang Chang-yŏp	37	Party/Intell		Secretary				Chairman
Sŏ Kwan-hŭi	38	Admin/Econ					V.Premier	
Kim Tu-yŏng	39	Admin/Econ					V.Premier Coal Ind.	
Kim Kyong-ryon	40	Admin/Econ					V.Premier	
Chŏng Tong-ch'ŏl	41	Admin/Judicial						Member
Yi Chin-su	48	Military					Public Security	
Kim Ki-nam	49	?						Member
Kim Kwan-sŏp	50	Admin/For.Aff.						Member
Ch'ŏn Ch'ang-ch'ŏl	53	Admin/For.Aff.						Secretary
Hŏ Chŏng-suk	54	Party						V.Chairman
Yi Ch'ang-sŏn	55	?					Culture & Art	
Yim Hyŏng-gu	56	Party					Service for the People Com.	
Chang Yuk-ch'an	57	Admin/Econ					Agri. Com.	
Cho Ch'ang-dok	58	Admin/Econ					Mining	
Kim Yun Hyŏk	59	Admin/Econ					Metal Ind.	
Yi Chi-ch'an	60	Admin/Econ					Elec. Ind.	
Yim Ke-ch'ŏl	63	Admin/Econ					Chem. Ind.	
Ko Chŏng-sik	64	Admin/Econ					Resources Develop.	
Kim Il-te	65	?					Educ. Com.	
Kim Yŏng-ch'ae	66	Admin/Econ					Communi-cations	
Ch'oe Chŏng-gŭn	67	Admin/Econ					For. Trade	
Chang Yun-p'il	104	Admin/Econ						Member
Ch'ŏn Se-bong	106	Party/Intell						Member
Kim Man-gŭm	129	Admin/Econ				Member		
Hong Ki-mun	134	?						V. Chairman

specialties.[5] Until the mid-to-late 1960s, many of North Korea's top decisionmakers rotated readily between party, government, and military positions. As key positions were monopolized by a core group of Kim loyalists, power was concentrated in a very small elite. Over the course of the last decade or so, however, purges and natural attrition have thinned the ranks of those capable of exercising authority over the range of governmental decisionmaking matters. In their place, military professionals, technical experts, and party specialists have increasingly dominated their respective fields. This is reflected in the very small number of professional military men in key administrative positions, and in the domination of vice-premier level positions by men with considerable technical expertise. Even those remaining from the earlier, more wide-ranging group have tended to confine themselves to one or another functional specialization. Presumably, this growing compartmentalization of the North Korean elite stimulates the awareness of separate interests and heightens the importance of integrating mechanisms.

The other political trend deepening the complexity of North Korean decisionmaking concerns the question of Kim Il-sŏng's rigid political control. Broadly speaking, North Korea's postwar political history might be divided into three phases. Phase 1, from "liberation" to the late 1950s, was devoted to ensuring Kim's personal ascendancy. This phase was marked by constant factional fighting and direct challenges to Kim's personal rule. Phase 2 lasted from roughly the late 1950s to the end of the 1960s. Having effectively guaranteed his personal ascendance, Kim now sought to build up the KWP as the instrument through which he could consolidate his power and perpetuate his rule. Phase 3, from the early 1970s to the present, has seen a strengthening of governmental institutions to effectively serve Party interests and an *institutionalization* of Party control.

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[5]The trend toward functional compartmentalization was first pointed out by Chong-sik Lee. See his article, "The 1972 Constitution and Top Communist Leaders," in Suh and Lee (eds.), *Political Leadership in Korea* (University of Washington Press, 1976), especially pp. 217-218.

This institutionalization of Party leadership is reflected in the new Constitution adopted in 1972 which, from the beginning, makes clear that the Party is superior to the state.[6] It is also expressed in the further downgrading of the Supreme People's Assembly (SPA) to an essentially "rubber stamping" and "legitimizing" organ for policies made by the KWP.[7] The institutionalization of Party leadership is most manifested, however, in the role of the Central People's Committee (CPC) established in 1972. The governmental counterpart of the Party's Politburo, the CPC "was created and power was concentrated in it to dispense with the myth of legislative supremacy as well as the fiction of the separation of power and authority between party and state."[8] As Table 1 suggests, it is dominated by the top Party leaders. An essentially collegial body in structure and operation, the CPC serves to harmonize elite interests while maintaining Party leadership and control.[9]

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[6]The new Constitution, in contrast to the old one, specifically stipulates that the Democratic People's Republic of Korea is "an independent socialist state" (Article 1) "guided by the chuch'e idea of the Workers Party of Korea" (Article 4). The Constitution also says that "state organs. . . are formed and run in accordance with the principle of democratic centralism" (Article 9); and that the DPRK "exercises the dictatorship of the proletariat and carries through the [Party's] class and mass lines" (Article 10). The complete text of the new Constitution is in *Journal of Korean Affairs*, January, 1973, pp. 46-57. For interpretations, see Kang, Koo-chin, "An Analytical Study on the North Korean Socialist Constitution" in *Korea & World Affairs*, Spring, 1978, and Kim, Un-yong, "Constitution and Political System of North Korea" in *Vantage Point*, April, 1979.

[7]On the structure and operation of the SPA, see *Pukhan Chŏnsŏ, 1945-1980 (A Complete Guide to North Korea, 1945-1980)* (Kuktong Munje Yŏnguso, 1980), pp. 99-111.

[8]Lee, op. cit., p. 209.

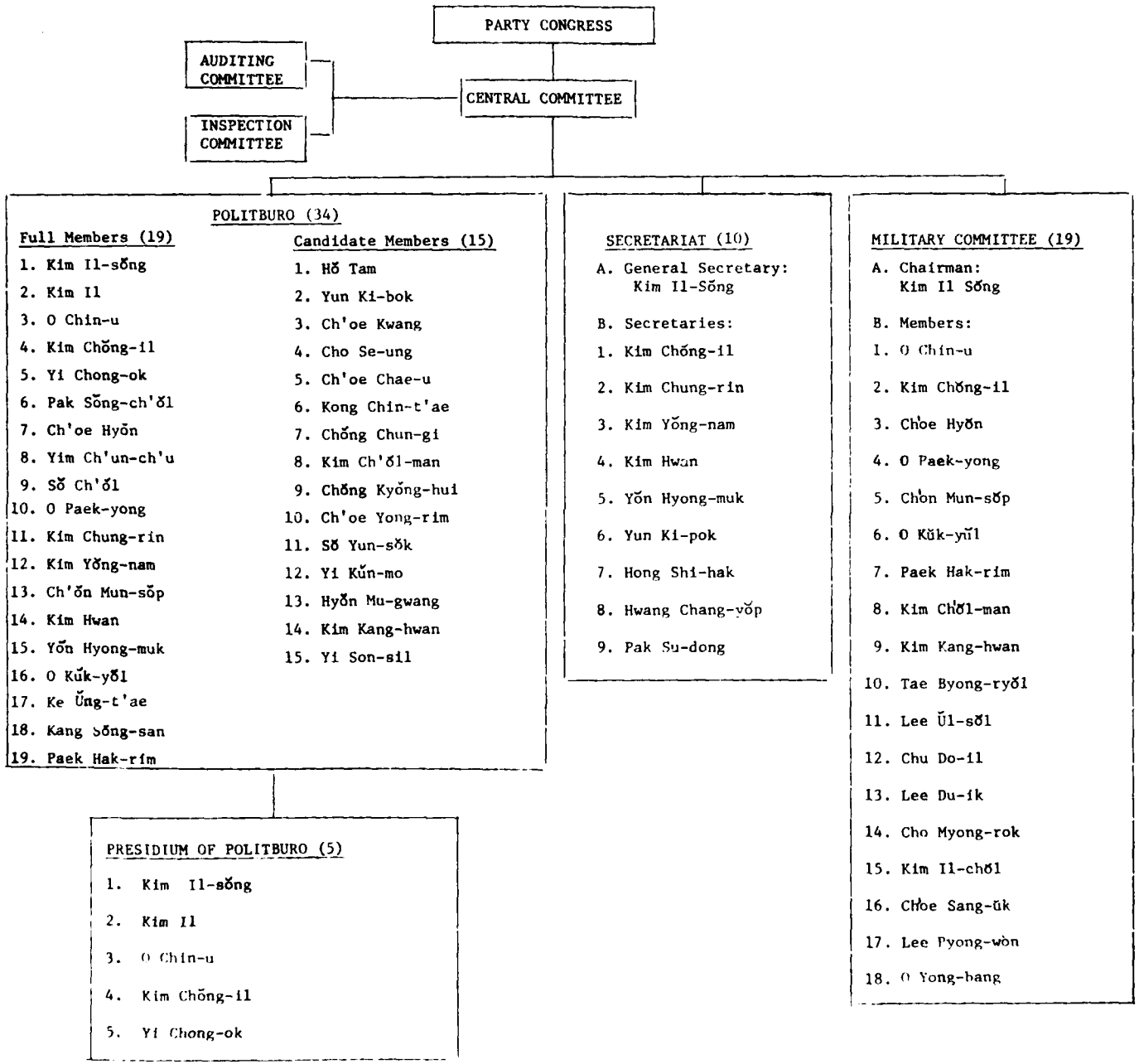
[9]Membership on the CPC has varied over the course of the 1970s but has always been dominated by senior Party leaders. Of the 25 CPC members in the mid-1970s, only eight were not members of either the Politburo or the Party's Secretariat. These latter were those responsible for specific functional areas. As of November 1980, nine of the top ten ranking members of the Politburo were on the CPC (the only exception being Kim Chŏng-il). Others on the reduced, 14-man body included those ranked 14th, 17th, and 35th.

Accompanying the institutionalization of Party leadership have been some subtle changes in Kim Il-sŏng's personal role. Direct involvement in Party matters has been diminished. On-site inspections and personal guidance efforts have been decreased. Increasingly, given the growing complexity of the economy and the developing compartmentalization of the North Korean leadership, Kim's role seems more that of a mediator than a manipulator, more a final recourse than a determinative force. Indeed, in many ways Kim's personal control now appears to be linked less to his individual charisma than to his ability to maintain Party leadership over the key elite groupings that today dominate the North Korean political scene. This is reflected most symbolically by the recently appointed Standing Committee (Presidium) of the Politburo. As indicated in Table 4, this consists, besides Kim and his long-time right-hand man and Vice-President Kim Il, of O Chin-u (military), Kim Chong-il (party), and Yi Chong-ok (administration). It is also reflected, however, in the composition of the full Politburo and, indeed, of the Central Committee as a whole. Despite Kim's success at installing his son as heir-apparent, or perhaps *because* of his ambitions in this regard, there seems a substantial sharing of leadership responsibility and an important element of collective rule. While Kim's ultimate authority is beyond question, the dominant result of the 1970s may be more the institutionalization of Party leadership than the realization of one-man rule.

The need for re-examination of the model of decisionmaking and management in the North Korean economy is bolstered by two further developments. One concerns the North Korean emphasis on mass movements rather than on material incentives to stimulate worker productivity. Despite this clear predilection, a number of measures have been taken over the past ten or fifteen years of a more material variety. These have ranged from the expansion of living expense payments and prize money awards to the manipulation of state price and marketing policies. At the same time, other macro-level incentives have been provided (e.g., provision of health and child-care facilities, development of public playgrounds and amusement centers, expansion of consumer goods production, etc.) whose impact upon worker motivation has probably been

Table 4

KEY KWP LINEUP -- 6TH PARTY CONGRESS (10/80)



underestimated. Recently, the emphasis on material incentives has become particularly pronounced. Drawing upon Kim Il-sŏng's acceptance of the importance of the "law of value," given the "transitional character of the socialist society," North Korean theoretical journals and mass media over the last several years have increasingly stressed the importance of "economic leverages" in rationally managing and operating the socialist economy."[10] The extent to which such efforts represent a new acceptance of the need to bolster ideological exhortation with material and other incentives is worthy of examination.[11]

The other development bolstering the need for careful re-examination concerns an increased awareness of the need for more balanced growth oriented toward improvement of the people's standard of living. This

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[10]"Only if labor norm is set high and wage, bonus, and bounty are increased accordingly," Party theoreticians have been arguing, "will working people come to positively strive, voluntarily concerning themselves with carrying out the labor norm, to achieve technical innovations, conserve labor and material, and further increase production. When this happens, it will be possible to create favorable conditions for further improving enterprise management activity by increasing the output volume of products and improving their quality. Therefore, economic guidance functionaries must periodically review labor norm, systematically increase it, and raise labor reward accordingly.

"Properly conducting the work of evaluating labor is an important way to stimulate and inspire working people to work even better not only quantitatively but qualitatively as well. Only under [such] conditions," they conclude, "will it be possible to make distribution to working people for the amount they have worked, for the amount they have earned, and further enhance the production desire of working people." See "Rational Utilization of Economic Leverages in Enterprise Management," *Kulloja*, July, 1980 in JPRS, January 22, 1981.

[11]Also worthy of examination is the precise *mix* of material and other forms of incentives that maximizes productivity. Clearly a system predicated entirely on nonpecuniary incentives is likely to have problems in sustaining a high rate of production. On the other hand, pecuniary incentives in and of themselves may have little effect on productivity in a situation where there is little else available to buy. Conversely, some societies, such as Japan, have demonstrated impressive rates of productivity with material incentives playing a relatively secondary role. Others have constant productivity problems despite an emphasis on pecuniary rewards. What blend of material and nonmaterial incentives most stimulates sustained productivity in a country as small-group oriented and militarized as North Korea is a question that seems worth raising.

awareness was one of the principal elements fueling an intense policy debate in the mid-1960s regarding economic priorities. Although proponents of this view lost out and were removed from office, many returned several years later in an even strengthened position. The advent of the "economic cabinet" under Yi Chong-ok in the mid-1970s, and an apparent tapering off of North Korean military expenditures as a percentage of GNP in the last few years, may reflect the increased ascendancy of this awareness. So too might the revision of production goals for the coming decade announced at the 6th Party Congress in October, 1980. These goals were generally restrained in their scope and fairly conservative in their emphasis on foreign trade and domestic "balance." Particularly given the strong potential influence of China's recent economic experiments, the extent of this recent development and the prospects for its continued development warrant further investigation.

POSITIVE FEATURES

Given the manifold problems North Korea has experienced since the early 1960s, it is not surprising that the bulk of attention has focused on the weaknesses of its management approach. Also to be considered, however, are the management factors *contributing* to economic performance. For even if North Korea's economic performance has been substantially below that of the South, by most criteria the North's general performance has been quite respectable. Indeed, compared with most developing countries, it appears to have done rather well. It has even done well compared with other centrally planned economies, particularly in certain areas (e.g., agriculture). The factors accounting for North Korea's relatively good performance, therefore, should also be addressed. By way of hypothesis, a number of factors might be suggested.

First has been a high degree of political stability. Whatever else Kim Il-sŏng's long dominance has meant, it has brought Korea's perennial problem of factionalism under control and offered a relative absence of political turmoil that undoubtedly contributes to economic growth. Related to this has been an institutionalization and regularization of policy processes. This has guaranteed firm political control over decisions impinging upon economic development while providing a stable decisionmaking framework conducive to economic planning.

Another factor is North Korea's emphasis on education. While this emphasis is common to all Confucian societies, North Korea has developed and systematized it to an extraordinary degree.[12] Over 60,000 nursery schools and preschools dot the North Korean landscape. Some 10,000 public schools funnel over eight and one-half million students from preschool to university, including 11 years of compulsory education. In contrast to 1945, when "liberation" from Japanese colonial rule found widespread illiteracy and not a single major college in the northern half of Korea, North Korea today has almost universal literacy and more than 160 colleges and institutions of higher learning. These include the prestigious Kim Il-sŏng University with its 17,000 elite students, its 13 schools, 500 laboratories, and 10 research institutes. Moreover, education in North Korea is a lifelong process. Factories have day school, night school, and correspondence school departments. Re-education and in-service training has been instituted on a national basis, and on a scale perhaps even higher than the well-known training institutes of Japan's large corporations. Most importantly, priority in almost all of North Korea's higher education has been given to practical subjects relevant to its economic development, with very little attention given to abstract theory. While this priority has important negative implications for the development of a Western style "intellectual" class--a fact that appears to cause North Korean leaders little immediate concern--it clearly has helped to produce an intensively trained technical elite.[13] It also has helped to substantially increase technical proficiency in North Korea,

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[12] For a feeling of the scope and systematization of North Korean education, see *Pukhan Chŏnsŏ*, pp. 587-618. In English, see Keh, Young He, "Communication of Education in North Korea: Technical Education for Economic Development," in Nahm, Andrew (ed.), *Studies in the Developmental Aspects of Korea* (Western Michigan University, 1969), pp. 186-205; and Scalapino and Lee, op. cit., especially pp. 901-916.

[13] The share of engineers and technicians in the total number of those employed in the national economy is said to have risen from 15.8% in 1970 to 19.2% in 1976. The number of agricultural specialists per agricultural co-operative is said to have increased over the same period from 17 to 55. Andreyev, Y., and Beryozkin, N., "How the Democratic People's Republic of Korea Deals with Social Questions," *Far Eastern Affairs*, No. 1, 1981, p. 65.

a fact reflected in a marked rise in man-hour productivity and a reduction in production costs over the past two and a half decades. Given the scope and systematization of educational opportunity, it may be, as one recent Japanese visitor to Pyongyang put it, that "the secret of North Korea's economic growth is clearly in the success of its educational system."[14]

Two general trends described above are further factors. One relates to the trend toward functional specialization. North Korea has not only given priority to the training of qualified specialists; it has also given them responsibility for drawing up development plans and authority for ensuring their implementation. This has brought the greatest technical capability to bear on essentially technical decisions while, over time, providing considerable continuity in the planning process. The other general trend concerns the increasing emphasis on self-management. In the last ten or fifteen years, collectives and enterprises have been made more responsible for their own operations. Increasingly they have been granted expanded powers in line with the growing stress on accountability and effective cost management. Presumably, this trend has provided incentives for more efficient production.

Still another factor is the role played by mass organizations. Given the widespread emphasis on the inherent limitations of reliance on mass movements and ideological exhortations, it is easy to overlook the fact that North Korea's approach *has* been relatively successful. Clearly one factor in this relative success concerns the nature and role of mass organizations. Through small discussion groups, general rallies, and mass campaigns, these organizations inculcate

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[14] Seki, Hiroharu, "Mite kita Kita Chōsen no Genjitsu" ("The Reality of North Korea Which I Have Seen"), *Ekonomisuto*, August 5, 1980, p. 54. This is not to imply the absence of significant shortcomings in the North Korean educational system. While hardly unique in this regard, North Korea is apparently plagued by serious limitations in the *quality* of both its instructors and instruction. More unique are shortcomings inherent in the regime's increasing military and labor requirements. On the basis of the limited data seen in the preparation of this study, however, it seems fair to identify North Korea's strong emphasis on education as an important factor contributing positively to its economic performance.

values and attitudes conducive to increasing labor productivity and effectively mobilize support for Party decisions. While mass organizations play similar roles in other communist countries, they seem unique in North Korea in the degree to which they permeate society. Numbering over one hundred, these organizations form an intricate web of political associations that penetrate virtually every area of political and economic activity. Almost every active adult belongs to one or more of these organizations. The result is a social and political network with considerable potential for molding mass behavior, particularly so in a society as isolated and culturally homogeneous as North Korea. Partly by its effective utilization of this organizational network, North Korea has thus far been able to minimize the spread of the kinds of materialistic values and consumer pressures that have sprouted in other communist societies. It has also been able to successfully mobilize the masses to implement Party decisions.

Finally, there is a distinctive feature in North Korea's approach to the management of the economy that may be underrated. This is an emphasis on the small group. In both the industrial and agricultural sectors, North Korean leaders appear to see this as the optimal unit. The significance of this emphasis lies not only in the cohesion and sense of identification it adds to the decisionmaking process; it also lies in the way this emphasis meshes so well with the traditional emphasis of Korea's Confucian society. This has provided an element of historical continuity that transcends the structural transformations in North Korean society. While the effect of this emphasis on the diffusion of imported technology and labor skills is unclear, it undoubtedly facilitates the general management process.

III. ELITE PERCEPTIONS

Military "sustainability," as suggested above, depends not only on systemic capabilities but also on the nature of the perceptions and interests of the dominant elites. Indeed, the nature of these perceptions and interests, and the way in which they interact to determine North Korean policy, may have even greater implications for the prospects for "sustainability" than the technical attributes of the management system itself. Unfortunately, very little hard data exist by which elite perceptions can be reliably charted. The closed nature of the system and the insistence on "unity" and "unanimity" in publicly disclosed information make any detailed appraisal of elite perceptions a difficult deductive endeavor.

This may not be the problem concerning North Korea that it is elsewhere, however, given the country's extraordinarily monolithic character. This character is rooted in the basic homogeneity of North Korean society and, until very recently at least, the common life experiences of its dominant elite. The monolithic character is strengthened by the rigid suppression of categorical or personalistic interests, and by the permeation and control by the Party of all remaining interest groups and decisionmaking units. Whatever the ultimate outcome of the recent trends described above, it does not seem likely that this *basic* character will dramatically change in the short- to mid-term future. Accordingly, it seems possible to treat North Korea as if it were a unitary actor, which to an unparalleled degree it may well be. Divergent or conflicting perceptions among the elites will be addressed, where appropriate, in the concluding section.

BASIC PERCEPTIONS

North Korea's approach to decisionmaking concerning military efforts is conditioned by a number of basic perceptions. These basic perceptions have remained remarkably constant throughout the postwar period. Among the principal perceptions are the following: that the primary domestic task is rapid industrialization; that the primary

external task is national independence; that industrialization and independence are essential for the creation of a self-reliant, socialist society and for the development of a "base" for national reunification; that independence and ultimate reunification (on North Korean terms) should be guaranteed if necessary by force; that a strong military is therefore essential; and that the Party plays the leading role in defining the balance among political, military, and economic objectives. The constancy of these perceptions, coupled with the apparently broad consensus within the leadership concerning them, provides an important underlying foundation to North Korean decision-making.

One important consequence of these basic perceptions is that defense efforts, and the associated economic endeavors necessary to support them, are not generally regarded as a "burden." Indeed, despite the long-standing acknowledgment of the strains that heavy military expenditures impose on the North Korean economy, and the more recent emphasis on improvement of the people's standard of living, North Korean leaders do not consider defense efforts as some sort of "necessary evil" or means to an end; indeed, they appear to see such efforts almost as ends in and of themselves. At a minimum, defense efforts are essential for addressing the intractable problems associated with North Korea's objective security conditions (divided country, determined foes, uncertain allies, etc.), and its consistent objective of national reunification. Beyond this, such efforts are perceived by the leadership as useful in at least three ways: first, they help to maintain a high state of militarization, which facilitates mobilization of the masses for political and economic objectives; second, they provide the means for minimizing foreign reliance, which strengthens the regime's political legitimacy and internal control; and third, they stimulate nationalistic sentiments and enhance feelings of national pride, which bolsters social cohesion and dampens resentment at the need for continued sacrifice. In these ways, "defense" is regarded by the North Korean leadership in a far more positive way than is often the case elsewhere.

A further consequence is that conflict is minimized in the decisionmaking process. This is not to imply an absence of policy differences and divergent propensities pertaining to the management of the economy. Rather it is meant to suggest a broad sharing of fundamental perceptions that has enabled a largely symbiotic relationship to develop between and among the Party, the military, and the bureaucracy--the three principal groups that constitute North Korea's leadership elite today.

As suggested somewhat simplistically in Figure 1, this broadly symbiotic relationship might be described as a triangular configuration of mutually reinforcing institutional interests. On the one hand, the Party provides the military with the resources necessary to

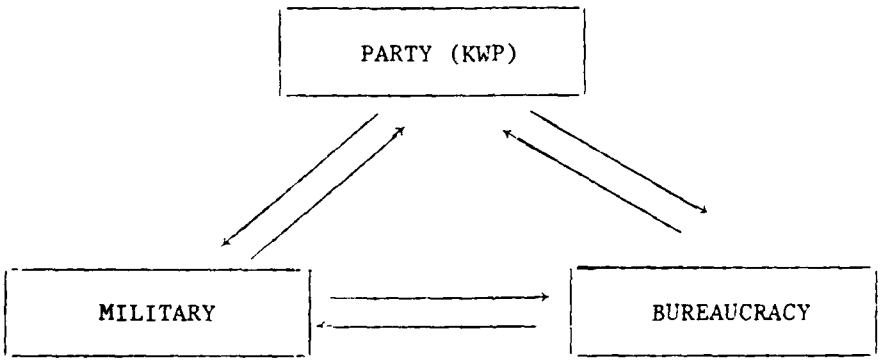

Fig. 1--North Korean Elite Interaction

further military and reunification objectives; in return, the military provides the national security essential for Party rule. For its part, the military provides the bureaucracy with domestic stability; in return, the bureaucracy provides the military with the economic base essential for military growth. Finally, the bureaucracy provides the Party with the expertise necessary to achieve the economic development that underlies political legitimacy; the Party provides the bureaucracy the political instruments essential for effectuating administrative goals. Since all three groups share fundamental

perceptions, and accept Party leadership over interests that conflict, a *relatively* harmonious relationship results. Despite the wide attention given to celebrated purges, it seems safe to say that the overwhelming number of decisions pertaining to North Korea's economic management are essentially routine in nature, and are based on a fairly broad consensus of elite views. This basic congruence of perceptions undoubtedly facilitates integration, and provides an underlying element of stability to the decisionmaking and management processes.

POLICY OBJECTIVES

These basic perceptions have manifested themselves in a multiplicity of policy objectives bearing upon the question of military "sustainability." From this multiplicity of objectives it seems possible to distill what might be called a "minimalist" and "maximalist" orientation. The "minimalist" orientation includes the following policy objectives: perpetuation of the ruling regime; preservation of national independence; continued industrialization and development of the economy; and establishment of a "base" for ultimate reunification. The "maximalist" orientation includes: political, economic, and military self-sufficiency; total U.S. withdrawal from South Korea; national reunification on North Korean terms; and world leadership of the "nonaligned" movement. In general, the "minimalist" orientation has tended to coincide in the past with efforts to limit or decrease North Korea's military activities (e.g., 1953-1962). The "maximalist" orientation has been identified with an increased motivation to maintain or expand military endeavors (e.g., 1947-1953, 1963-1975). At any given time, of course, North Korean *policy* may not be depictable wholly in terms of one or the other orientation. Over time, however, movement is perceptible from one to the other inclination.

The period between 1947-1950 is too well known to require much elaboration. During this period, North Korea carried out a huge military buildup. Between February, 1948, when the Korean People's Army was officially activated (it had been clandestinely organized in September, 1946), and mid-1950, the North Korean army grew to somewhere between 150,000-200,000 men. This massive buildup of

manpower was augmented by large shipments from the Soviet Union of heavy arms, tanks, and first-line fighter aircraft, and by greatly stepped-up efforts to infiltrate the South. If further proof were required of North Korea's "maximalist" orientation, it was provided by the military invasion of South Korea in June, 1950 and by its forcible attempt to unify the peninsula under North Korean control.

From the end of the Korean War in 1953 to 1962, North Korea's emphasis was clearly on economic reconstruction. The wartime destruction combined with a low perception of external threat, and high perception of favorable prospects vis-à-vis the South, to dictate a generally "minimalist" orientation. During this period, North Korea reduced its total armed forces by roughly 30,000 men, in addition to countenancing the total withdrawal of Chinese forces.[15] As Table 5 indicates, military spending was similarly minimal, declining from roughly 15% of total North Korean spending in 1953 to 2.6% in 1961. While these publicly announced figures are probably too low to be credible, they do suggest something of the general trend of the times.

Table 5

TRENDS IN NORTH KOREA'S ANNOUNCED MILITARY SPENDING, 1953-1962
(Unit: 1,000 won)

Year	Total Expenditures (1)	Military Expenditures (2)	Ratio (%) (2)/(1)
1953	495,970	75,390	15.2
1954	729,560	58,360	8.0
1955	988,000	61,260	6.2
1956	955,980	56,400	5.9
1957	1,022,440	54,190	5.3
1958	1,183,000	56,780	4.8
1959	1,649,600	61,040	3.7
1960	1,967,870	61,000	3.1
1961	2,338,000	60,790	2.6
1962	2,728,760	70,950	2.6

SOURCE: Rodong Shinmun, cited in *Vantage Point*, July 1978, p. 21. It is unclear whether the unit of measure is current or constant prices.

[15] *Pukhan Kunsaron (A Study of North Korean Military Affairs)* (Pukhan Yŏnguso, 1978), p. 278.

Indeed, so "minimalist" was the general orientation that North Korea was militarily unprepared to take advantage of the widespread turmoil in the South when student revolts toppled the government of Syngman Rhee in 1960. This lack of preparedness was apparently one key factor in North Korea's move toward a "maximalist" position beginning in late 1962.[16]

The origins of this move to a "maximalist" position date to a decision made at a Party Plenum of the Central Committee in December, 1962 (the "Four Great Military Paths" policy) to give more equal emphasis to military expansion even at the expense of economic construction. This decision was precipitated by a number of factors beside North Korea's lack of preparedness at the time of the student revolts, and the institution of military rule in the South that subsequently followed. Also significant were the outcome of the Cuban missile crisis, the worsening of the Sino-Soviet split, and the deterioration of Soviet-North Korean relations. These developments threw into serious doubt the utility of North Korea's alliance relations, and engendered widespread anxieties regarding the North's security position. The decision to give greater emphasis to the military was bolstered further by the solidification of President Park's rule in South Korea, the normalization of relations between South Korea and Japan, the U.S. escalation of the Vietnam War, and the South Korean decision to send combat troops to Vietnam. These developments not only represented a serious deterioration (from North Korea's perspective) in the prospects for reunification; they also implied substantially more formidable antagonists at precisely the time North Korea was least confident of its own and its allies' capability. Together they significantly altered the North Koreans' perceptions of their long-term prospects.

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[16]Kim Il-sŏng is said to have later indicated, in references to the 1960 turmoil, that he regretted that "positive measures" by North Korea had not been taken at that time. The subsequent sequence of events suggests persuasively that he did not want to feel such regret a second time. See Scalapino and Lee, op. cit., p. 983, especially footnote 74, for this interpretation.

In the wake of these developments, North Korea dramatically boosted its military efforts. As the trend shows in Figure 2, North Korean military spending increased almost three-fold as a share of GNP between 1962 and 1965. After lengthy intra-Party debate, North Korea decided to expand such efforts further. This decision was codified in the "National Defense and Economic Construction Advance Together" policy adopted in October, 1966. In the five years thereafter, North Korea's military expenditures increased four-fold as a share of the gross national product compared to 1962 and, according to official North Korean figures, to over 30% of the national budget.[17] With the promulgation of the "Nixon Doctrine" in July and the signing of the Nixon-Sato joint communique in November, 1969, North Korea adopted an even more offensive orientation. This decision was apparently ratified at the 5th Party Congress in November, 1970 in the form of a new "two front war" strategy. Over the next 4-5 years, actual North Korean military spending is generally believed to have climbed even higher as a percent of GNP. Throughout this period, North Korea expanded its activities in a number of other areas as well. It began extensive efforts toward developing an indigenous arms industry in line with a broad policy emphasis on "self-reliance." It increased its military and ideological training of the general populace. And it vastly stepped up its infiltration of the South, including an attempted assassination of President Park, in an intensified effort to precipitate social unrest and political instability. Its dramatic seizure of the *Pueblo* in 1968, its shooting down of a U.S. EC-121 reconnaissance plane in 1969, and the digging of huge invasion tunnels apparently in the early 1970s accurately reflected the extent and intensity of North Korea's belligerence during this period.

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[17] *North Korea News*, April 20, 1981, p. 4. Despite widely divergent estimates of North Korean military spending, both U.S. and South Korean sources are agreed on the clear trend in this period.

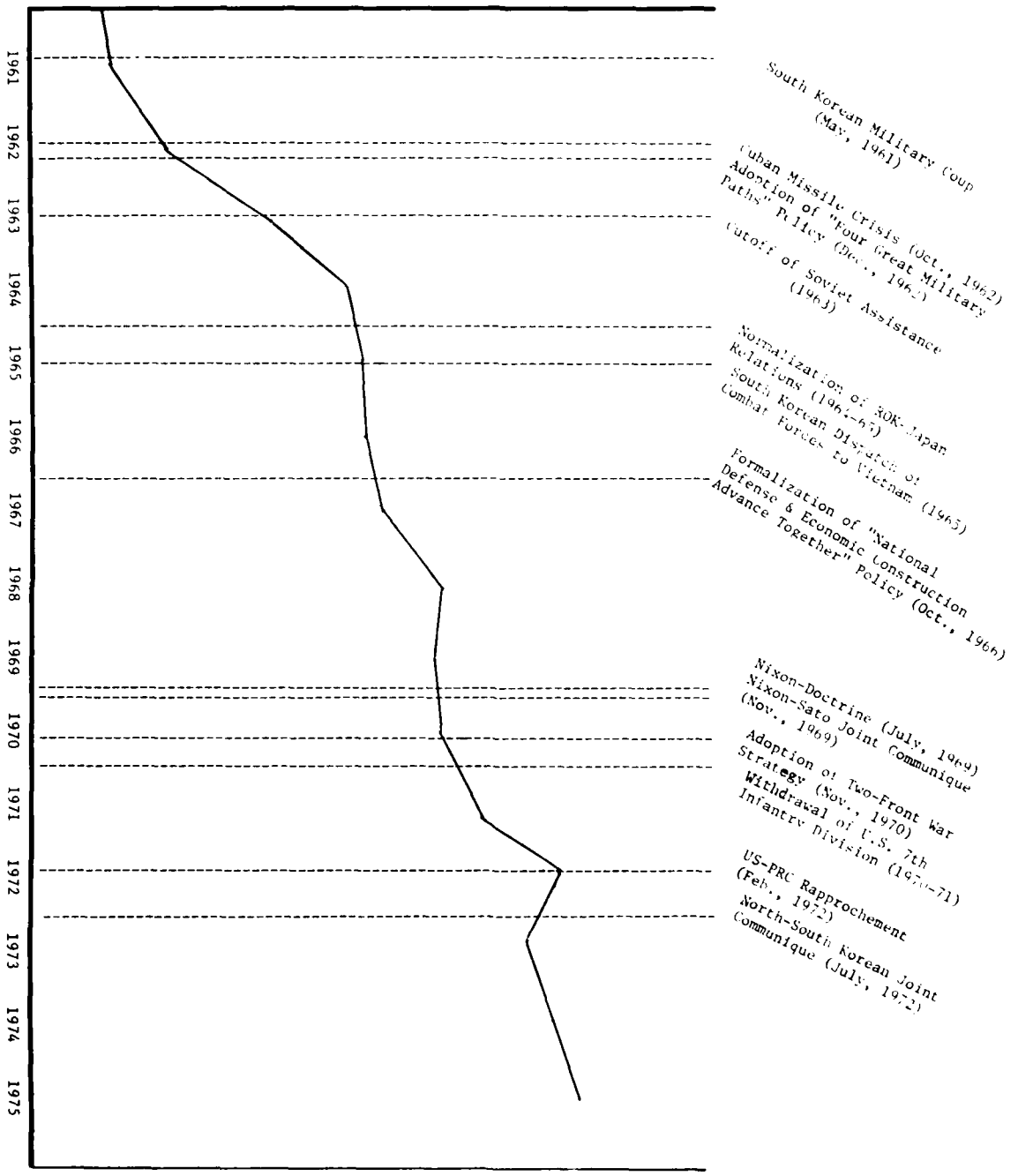

Fig. 2--Trends in North Korean Military Spending as a Percent of GNP, 1961-1975

SOURCE: Adapted from official North Korean announcements and various private estimates.

The basic character of the period since 1975 is difficult to definitively determine. On the one hand, North Korea has abandoned neither its military buildup nor its efforts at subversion. Military spending has remained inordinately high, both in absolute terms and relative to almost all other nations. A re-evaluation of North Korean military capabilities conducted by the U.S. intelligence community in 1978-79 indicates a major increase in the size of the North Korean army. And North Korea's order of battle suggests a marked emphasis on offensive capabilities, an emphasis that is buttressed by the North's force deployment pattern and its preparation of large infiltration tunnels appropriate to a massive-assault, blitzkrieg type of military strategy.[18]

Each of these indications, however, has something of a "yes, but . . ." quality. While military spending has remained high, in and of itself this is not necessarily surprising given the $5.5 billion, five-year Force Improvement Plan adopted by South Korea in the wake of the fall of South Vietnam. Moreover, there is reason to believe that the rate of growth in the military spending share has slowed somewhat in the past few years, with defense expenditures leveling off and perhaps even declining somewhat as a percentage of gross national product.[19] Similarly, while U.S. intelligence estimates indicate a major increase in the size and capability of the North Korean army, these may represent less a recent "development" than a recent "discovery." From several perspectives, such increases appear more properly seen as products of the late 1960s and early 1970s than as characteristics of this most recent period.[20] Finally, while North Korea's order of battle and force deployment pattern took on a marked

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[18]Sneider, Richard, "Prospects for Korean Security," in R. H. Solomon (ed.), *Asian Security in the 1980s: Problems and Policies for a Time of Transition* (The Rand Corporation, R-2492-ISA, 1979), pp. 115-118; and *Korea: The U.S. Troops Withdrawal Program*, Report of the Pacific Study Group to the Committee on Armed Services, United States Senate, January 23, 1979 (U.S. Government Printing Office, 1979), pp. 3-4.

[19]This point emerges from a number of sources including the larger ongoing Rand study.

[20]Ibid.

offensive character during this period, this may be as much a reflection of its appreciation of the need to be able to seize and maintain the initiative in any full-fledged war with South Korea as an indication of offensive intentions per se. With less than half the available manpower of the South, a lack of suitable fallback terrain, and uncertain--at best--allied combat support, North Korea would find it difficult to fight a protracted war with South Korea with a defensive strategy.[21]

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[21]This would seem to be contradicted by the emphasis in North Korean military doctrine upon "people's democratic revolution" and a protracted, guerrilla war strategy. A fundamental ambiguity remains however. Despite this doctrinal emphasis, North Korea has consistently attempted to maintain a conventional superiority over the South. This has involved the acquisition and maintenance of a far more substantial arsenal than one might think necessary or appropriate to a guerrilla war type of strategy. One explanation of this apparent ambiguity is that North Korea needs such a conventional capability not so much for its strategy against the South but for its objective of "self-reliance" vis-à-vis China and the Soviet Union. Another explanation, of course, is that there is no ambiguity; rather that North Korea is simply developing the range of military capability across the board necessary to achieve its "reunification" objective. A third explanation, however, is also possible. This is that despite the emphasis in North Korean military doctrine upon guerrilla warfare, North Korea does indeed envision large-scale conventional war with the South as the most likely form of military conflict. In this war, the need to be able to seize and maintain the initiatve would be paramount given the North's manpower situation. This would account for the offensive character of North Korea's order of battle and force deployment pattern irrespective of the question of intentions. While this by no means is meant to imply the *absence* of offensive intentions, it does suggest the importance of a more complete study of North Korea's military doctrine and strategic thinking. On North Korea's military strategy, see Rhee, Sang-Woo, "North Korea's Unification Strategy: Review of Military Strategies" in Kang and Yim (eds.), *Politics of Korean Unification* (Research Center for Peace and Unification, Seoul, 1978), pp. 127-157; and "North Korea's Military Capabilities and Its Strategy Toward South Korea," in Asiatic Research Center, *The Triangular Relations of Mainland China, the Soviet Union and North Korea* (Korea University, Seoul, 1977), pp. 259-273. Also see Yim, Young Soon, "North Korean Military Doctrine and Its Policy Implications in North Korea Foreign Policy," *Korea Observer*, Spring 1981, pp. 30-52; Choi, Young, "Military Strategy of North Korea," a paper prepared for the *International Symposium on Changing Security Situation in Asia and the Pacific* sponsored by the Korean Association of International Relations in Seoul, October, 1980; and Scalapino and Lee, op. cit., pp. 991-993.

At the same time, there are many counterindications of a general moderation of North Korea's position. Beginning in 1972, North Korea moved away from the harsh rhetoric of the previous period and began efforts to establish a basis for some kind of relations with the United States.[22] Contrast, for example, North Korea's response to the "tree-cutting incident" at Panmunjom with its handling of the Pueblo incident several years earlier. At the same time, North Korea initiated dialogues with the South and seemed to modify significantly its long-standing position regarding reunification.[23] Increasingly since 1972, and particularly since the deleterious economic developments of 1975-1976 (extended drought followed by heavy rains and extreme flooding, Soviet and Chinese reductions in economic assistance, rise in the cost of oil imports, fall in the price in the North Korean exports of nonferrous metals, North Korean default on loans from the West, etc.), North Korea has appeared to turn its attention to a new set of policy priorities: implanting Kim Chong-il as his father's successor; introducing foreign plants and technology to bolster economic development; and improving the North's international position, particularly among the "non-aligned" nations, to further its "building block" approach to reunification. These priorities suggest the need for a period of stability, and appear to have dictated a moderation of North Korea's posture. At the present time, an unequivocal characterization of this most recent period cannot be made with great confidence. On

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[22]A recent, detailed study of North Korea's attitudes and behavior toward the United States documents this change. Using content analysis of 6,842 randomly selected articles from the Party's *Rodong Sinmun* between January, 1955, and December, 1972, the study found a "clear pattern of shift" in 1972 away from "hostility-laden" issues such as U.S. provocations against North Korea to "less explosive issues" such as the presence of U.S. forces in the South. North Korea even stopped using the term "U.S. imperialist aggressors." The study shows a marked correlation over time between denunciations of U.S. provocations and what I've termed a "maximalist" position. Attention to issues such as the presence of U.S. forces in the South correlates with a "minimalist" orientation. See Chun, In-Young, "North Korea's Foreign Policy Behavior Toward the United States" in *Journal of East Asian Studies*, 1981, especially pp. 55-57 and 114.

[23]FBIS, "The North Korean Party Congress: Goals and Policies for the 1980s," *Analysis Report*, December 5, 1980. South Koreans generally interpret these developments as part of a "peace offensive" designed to disguise North Korea's actual aggressive intentions.

balance, however, it would appear that North Korea has somewhat moderated its previous inclinations, and has at least begun to move toward a more "minimalist" orientation.

POLICY DETERMINANTS

This brief chronological summary suggests something of the movement in North Korea's inclinations. A number of variables, which might be called policy "determinants," appear to account for this movement. Among the major "determinants," five seem particularly important: the leadership's anxieties concerning national security and its perceptions of external "threat"; its perceptions of the internal situation in the South; the performance of the North Korean economy; the nature of its internal political situation; and the salience of ideological imperatives. Each of these "determinants," in turn, may be subdivided into a number of component factors.

Perhaps the most volatile of the policy "determinants" are North Korea's anxieties concerning its security position. The significance of this variable is easy to overlook, given the belligerence of North Korean rhetoric and the fact that it is North Korea that both initiated the Korean War and has kept tensions high through a series of seemingly irrational actions. Indeed, in light of North Korea's unwavering commitment to national "reunification" and a host of hostile efforts on behalf of this objective, it is understandable that many people reject out of hand the notion of North Korean insecurities. According to those of this persuasion, North Korea does not feel threatened. It only threatens. In fact, however, if due account is given to North Korea's perspective, important aspects of its behavior in the postwar period can be explained as a response to perceived hostilities and security-related anxieties. Broadly speaking, these anxieties appear to be a function of three main factors.

The first concerns North Korea's alliance relations. In the best of times, these relations have been difficult. The Soviet Union first encouraged North Korea to reunify Korea forcibly and then pressured Pyongyang to end the conflict far short of realizing this objective. China similarly urged North Korea to accept a cease-fire and continued national division. From this early experience, North

Korea learned about the fundamental unreliability of foreign powers. This lesson was further driven home over the course of the next two decades as both of its allies, in pursuit of their individual national interests, sought "detente" and "rapprochement" with North Korea's sworn enemy. The basic uncertainty of North Korea's alliance relationships has induced considerable anxiety regarding its security position in general, and has dictated a high level of military effort in particular.

This anxiety has been exacerbated by the Sino-Soviet split. At a minimum, the split has cast doubt about the efficacy of cooperation between North Korea's allies in the event of any serious conflict with South Korea and the United States. At a maximum, it has irremediably complicated North Korea's alliance situation. To be sure, the conflict has prevented the two dominant powers from uniting in such a way as to be able to dictate North Korean behavior. There is some doubt, however, if such an ability ever existed and, if so, if it could ever be reproduced.[24] More notable are the negative consequences. North Korea has not been able to acquire the economic and military assistance it has desired (e.g., Mig 23s) by tilting first one way and then the other, for example, and at times has suffered serious damage (e.g., cutoff of Soviet aid, border conflicts with China, etc.). On the whole, the split has not been advantageous to North Korea. Contrary to the common depiction of North Korea's manipulating the Sino-Soviet split and successfully "playing off" one against the other, the more general effect has been the introduction of constant tension in the triangular relationship.

At the same time, a complete break with one and total alignment with the other (a la post-unification Vietnam) is extremely difficult.

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[24] An example often cited concerns Soviet-Chinese collusion in August and September of 1956 to force Kim Il-sŏng to reinstate certain Party members whom Kim had recently purged. If this indeed happened, it constituted crass intervention in North Korea's internal affairs. On the other hand, however, within a very short time Kim reversed this reinstatement and again purged his opponents, obliterating their influence within the Party. This neither China nor the Soviet Union was able to prevent. For details, see Scalapino and Lee, op. cit., pp. 510-524.

North Korea in many ways "needs" the Soviet Union but, for a variety of good reasons, is most "comfortable" with China. Moreover, North Korea's bilateral treaties with the USSR and PRC require that it not engage in activities hostile to the co-signatory nation. A total move in either direction (as the Soviet "assistance" to Afghanistan and the Chinese "lesson" to Vietnam might suggest) would only complicate North Korea's security dilemma. Should the delicate balancing act fail, a heightening of North Korea's threat perception would likely be the ultimate result. In this sense, triangular relations among North Korea, China, and the Soviet Union greatly complicate Pyongyang's inherently difficult alliance situation. In the process, they contribute to maintaining a high level of anxiety concerning North Korea's security position and bolster the perceived need for a comparably high level of military effort.

A second factor in North Korea's security-related anxieties is the United States. North Korea's concern with the United States is partly a reflection of its historical experience. At one time or other in its modern history, Korea has been dominated or coveted by virtually all the great powers. It was a tributary of China, a target of Russia, and a colony of Japan. In North Korean eyes, the United States is only the latest of a long line of great power oppressors. What makes the United States evoke such inordinate feelings of hostility, however, is the way in which it stimulates at one and the same time both the traditional feelings of persecution and the contemporary feelings of nationalism. From Pyongyang's perspective, it was the United States that impeded "liberation" by militarily occupying the southern half of Korea. It was the United States that obstructed national "independence" by fostering separate elections in the South. It was the United States that prevented "reunification" by physically intervening in Korea's civil conflict. In memories that are still vivid in North Korea, it was the United States that during this conflict had over 1,200 fighter-bombers drop 1,400 tons of bombs and some 23,000 gallons of napalm over the capital city in a single eleven hour period.[25]

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[25]Several weeks later, over 1,400 sorties by land and carrier-based aircraft were conducted over Pyongyang in the single largest strike of the war. See Reese, David, *Korea: The Limited War* (St. Martin's Press, 1964), p. 379.

It is the United States that, almost thirty years after the end of the Korean War, continues to station combat troops, store modern weapons, and carry out regular large-scale military maneuvers in the South. It is the United States that props up "puppet" rulers in Seoul and maintains operational control over their "puppet" army. And it is the United States that backs all this up with the 5th Air Force in northern Japan, the Marines in Okinawa, and the 7th Fleet throughout the Western Pacific. Such manifestations of continued hostility and aggression (in North Korean eyes) not only constitute "threats" to North Korea; they also offend its national pride.

From the South Korean and American perspective, of course, the notion that U.S. behavior constitutes a "threat" borders on the ludicrous. It is North Korea that is committed to "revolution." It is North Korea that unremittingly seeks to bring the entire peninsula under its control. And it is North Korea that applies both rhetoric and actions toward these objectives. From this perspective, the U.S. constitutes a "threat" in the same way, perhaps, as England did to prewar Germany.

Whether or not the U.S. constitutes a "threat" to North Korea, it is clear that North Korean leaders *perceive* it so. Kim Il-sŏng himself indirectly implied this in a recent conversation with U.S. Congressman Steven Solarz. "Even if I said here that we will not invade the South, you would not believe me. *If you said you would not invade us, we would not believe you.* . . . If we continue to suspect each other, there will be no end to it."[26] Even if North Korea does not really expect an unprovoked U.S. attack, it clearly perceives reason for concern in the context of its unwavering commitment to "reunification." Because of North Korea's fundamental confrontation with the United States, it must assume that any conflict with South Korea would also involve the U.S. As suggested by its

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[26]Committee on Foreign Affairs, U.S. House of Representatives, "The Korean Conundrum, A Conversation with Kim Il Sung," *Report of a Study Mission to South Korea, Japan, The People's Republic of China, and North Korea*, July 12-21, 1980 (U.S. Government Printing Office, August, 1981), p. 8 (emphasis added).

extensive and extremely costly efforts to put underground or otherwise harden its military sites and major industrial facilities, this assumption induces considerable anxieties concerning North Korea's national defense.

For these reasons, North Korea is extremely sensitive to virtually all U.S. actions, even those that are taken for reasons having little or nothing to do with Pyongyang. In general, anything that signifies greater American capability and will for military action will heighten North Korea's "threat" perception. As suggested by its reaction in the 1960s to the Cuban missile crisis and the U.S. escalation of the Vietnam War, this will be particularly true if it coincides with a perceived decline in the comparable capability and will of North Korea's allies. Among those actions related directly to the Korean peninsula, however, three seem especially important. In ascending order of importance, these are: actions by the United States to prolong or expand its military presence in South Korea; efforts by the U.S. to strengthen South Korean military capability and the U.S.-ROK defense system; and attempts by the United States to involve Japan militarily in South Korea.

As this last point implies, Japan represents the third factor in North Korea's security-related anxieties. Here the concern is that Japan will inevitably go beyond its current economic-oriented relations with South Korea and establish major political and military ties as well. This would not only seriously hinder realization of the North's "reunification" objective; it would also represent a major potential threat to Pyongyang, particularly in the context of a militarily resurgent Japan oriented strongly against the Soviet Union. While North Korea's fears relate to potential rather than actual Japanese behavior, they appear nonetheless very real. Moreover, the nature of Korea's historical experience with Japan gives these fears a visceral quality that makes them readily excitable. This accounts for North Korea's sharp reaction to the normalization of South Korean-Japanese relations in the mid-1960s, a reaction that very likely contribed to the major military buildup in the years immediately thereafter. It also accounts for the North's excessive reaction to the

Nixon-Sato joint communique of November, 1969, which for the first time publicly and officially identified Korea as "essential" to Japan's security. As these reactions suggest, the North Koreans are extraordinarily sensitive to Japanese actions, particularly those that signify an expanded political and military role in South Korea. Any major steps in such directions are almost certain to heighten North Korean pessimism concerning long-term trends, and influence Pyongyang to increase its military efforts.

The second broad "determinant" of movement in North Korean policy inclinations is the leadership's perception of the internal situation in the South. Given the emphasis on North Korean anxieties and "threat" perceptions as a key decisionmaking determinant, care must be taken to stress that *North Korea's approach is by no means primarily "reactive" in nature. A fundamentally "active" quality results from North Korea's unwavering commitment to "reunification."*[27] This commitment has played a crucial role in structuring North Korea's general behavior throughout the postwar period, and has been a major factor supporting a high level of military effort in particular. The strength of the commitment stems, of course, from North Korean ideology and its peculiarly virulent brand of nationalism. It also has a patently "political" dimension, however, in that over the years reunification as a policy objective has become linked to the basic legitimacy of the ruling regime. This makes North Korea's perceptions of the internal situation in the South a somewhat less volatile determinant

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[27] For the seriousness of North Korean attitudes and policies regarding this commitment, see Kim, Young C., "North Korea's Reunification Policy: A Magnificent Obsession?" in Kang and Yim (eds.), op. cit., pp. 107-118. Kim wrote this article following two weeks of discussions with North Korean leaders in Pyongyang. Also see Congressman Solarz's report "The Korean Conundrum, A Conversation with Kim Il Sung," ibid., pp. 6-7. Solarz notes, inter alia, that "the commitment on the part of both Kims [Kim Il-sŏng and Kim Yong-nam] to reunification was not just verbal but visceral." For other representative works, see Kim, Hak-Joon, "The Unification Policy of North Korea in the 1960s: An Assessment" in *Journal of East-West Studies*, April 1976, pp. 59-75; Yim, Young-Soon, "The Unification Strategy of North Korea" in *Korea & World Affairs*, Winter 1977, pp. 440-465; and Chung and Kim (eds.), *Korean Unification Problems in the 1970s* (Research Center for Peace and Unification, 1980), passim.

of its overall military efforts than the question of external threat. Only dramatic developments that fundamentally alter North Korea's perceptions of the prospects for reunification, such as those of the mid- and late 1960s, for example, appear likely to induce radical changes in one direction or another. Nevertheless, in conjunction with other considerations, North Korea's perceptions of the situation in the South do play an important role in determining its general policy orientation.

North Korean perceptions of the situation in the South can be divided analytically into four categories. The first concerns the social/political situation. Here, as elsewhere, North Korea's perceptions are heavily colored by its ideology. In North Korean propaganda, life in South Korea is a "living hell" resulting from the "oppressive" rule of its "reactionary" dictators. South Korea is plagued by abject poverty, gross income inequalities, and enslavement of the masses. This situation is exacerbated by the South's status as a "semi-feudal colonial society," a status which allows the introduction of decadent bourgeois foreign culture and the perpetuation of "fascist" rule. In this situation, popular revolt is inevitable. The extent to which these views are genuinely believed is difficult to know. While one assumes that North Korean leaders are more realistic, dogma can often create its own reality. In any event, it is clear that they are generally disdainful of the South's social and political system and genuinely prefer their own. They are also mindful of the need to be prepared when the "inevitable" sets in. While this does not necessarily dictate a high level of military effort, it tends, in conjunction with other factors, to support such endeavors. Frequent instability in the South heightens this general tendency.

The second category concerns North Korean perceptions of the economic/technological situation in the South. As implied above, North Korea considers the South Korean economy to be highly fragile, built on foreign capital and sustained by foreign assistance. In general, its view has been disparaging of the South and confident of economic trends moving favorably in its direction. Although there were some indications that this general optimism had begun to diminish in the

mid-1970s, South Korea's economic difficulties of the past couple years appear to have somewhat bolstered the North's traditional perception. Whatever the present situation, it seems unlikely that traditional views, reinforced by the prisms of ideological conviction, will easily fade away. While a North Korean perception that the South is "winning the race" might engender serious strains in the North Korean leadership, there is little empirical evidence that it would be sufficient in and of itself to effectuate a fundamental reassessment and re-ordering of national priorities. Indeed, in the context of a high perception of external threat, such a perception might heighten the propensity to rely upon the military instrument. The more general effect of North Korean perceptions seems to be a bolstering of the inclination to maintain a high level of military effort.

The third category pertaining to North Korean perceptions of the situation in the South relates to the latter's military situation. As a general statement, North Korea appears to perceive itself as militarily superior to the South. Given the priority placed upon "reunification," however, it also appears to regard maintenance of this military superiority as of paramount importance. Accordingly, it is highly sensitive to South Korean military developments, far more so than those of a political or economic nature described above. There is reason to believe, for example, that the combat experience to be gained by South Korea in Vietnam was one factor in North Korea's decision in October, 1966, to expand its military capability much more rapidly. There is also reason to believe that the further expansion of North Korea's already high level of military effort between 1969 and 1975 was at least partly attributable to U.S. plans to modernize the South Korean forces in line with the dictates of the "Nixon Doctrine." There is no reason to expect this sensitivity to substantially decline. Consequently, North Korean perceptions of the South's military capability will remain an important factor in its own decisions concerning military endeavors.

The final category concerns North Korea's perceptions of the South's alliance situation. This would seem to be the most sensitive

element of North Korean perceptions pertaining to the situation in the South. To North Korea, the South's close ties with the United States and Japan represent the principal barrier to reunification. Clearly the United States is the chief obstacle. This is not only because of North Korea's recognition of the preponderant power of the United States and its physical presence south of the 38th parallel. It is also because of the North's ideological conviction that U.S. "imperialism" requires the permanent subjugation of South Korea as a base for further aggression in Asia.[28] North Korea perceives Japan in similar terms. In North Korean eyes, Japanese penetration of South Korea politically and economically represents only a prelude to military involvement. At a minimum, this would constitute a major obstacle to reunification. This accounts for North Korea's strong reaction to the normalization of relations between South Korea and Japan in 1965, which, as suggested above, was very likely an important contributing factor in Pyongyang's subsequent military buildup.[29] For these reasons, the removal of the U.S. presence and an undermining or weakening of the South's alliance relationships with the United States and Japan have been priority policy objectives of North Korea throughout the postwar period. There is every reason to believe that developments in this area will remain an important contributing determinant of North Korean behavior. In general, any significant strengthening of South Korea's key alliance relationships will influence North Korea to maintain a high level of military effort.

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[28]See Kim, Young C., op. cit., pp. 107-198, for more on this and related points.

[29]Young C. Kim goes so far as to suggest that the common emphasis attributing North Korea's opening to Japan in the early 1970s to its economic difficulties is "probably exaggerated." A more important factor, he feels, was Pyongyang's desire to prevent the deepening Japanese penetration of South Korea. In this regard, "It is not Japanese strengthening of South Korea's economy and defense industry that North Koreans fear primarily, but rather Japanese military involvement that may accompany growing economic interests." Their sense of urgency is linked to their "belief that Japan's capacity to obstruct reunification of Korea is growing each year. . . ." Ibid., p. 109.

The third broad "determinant" of North Korean movement between a "minimalist" and a "maximalist" orientation is North Korea's domestic economic performance. Whether either orientation can be effectively maintained, of course, hinges crucially upon its economic capabilities. In this sense, North Korea's economic capabilities represent both opportunities for and constraints upon its military efforts. The extent to which they represent more one than the other is the focus of the larger Rand study.[30] Beyond this, however, the state of the economy appears to constitute an independent variable influencing North Korean inclinations. In contrast to what one might suppose, there seems to be a correlation between relative economic strength and what has been described here as a "minimalist" position. This is reflected most suggestively in North Korea's orientation in the mid- and late 1950s, a period of heady economic growth. Conversely, drastic economic difficulties tend to be associated with increased militance and a move toward a more "maximalist" position. It is probably significant, for example, that North Korea dramatically increased military spending as a share of GNP between 1963 and 1965, precisely the period in which it began to experience major economic difficulties; North Korea further expanded its military spending and general level of militance between 1966 and 1971 notwithstanding a serious exacerbation--reflected in the decision to extend the Seven Year Plan (originally 1961-67) for three additional years--of these economic difficulties. This suggests a clear correlation between economic performance and North Korea's policy position.[31]

Undoubtedly, however, other variables intercede to frustrate such a simple one-to-one correlation. North Korea's response to economic

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[30]This issue is discussed in detail in the ongoing Rand-KIDA joint study.

[31]In his analysis of the *Rodong Sinmun*, Chun found a marked decline in the late 1950s in the frequency of North Korean denunciations of American provocations, a useful indirect indicator of North Korean militance. Such denunciations declined from 25 in 1955 to 16 in 1956 and to 5 in 1957. When North Korea announced the successful completion of the Five Year Plan in 1961, the number dropped to 2. In contrast, allegations of American provocations began to increase in 1963 in tandem with North Korean economic difficulties: from 4 cases in 1963 to 14 in 1964 and 29 in 1966. These rose further to 46 and 89 in 1967 and 1968, respectively, before beginning to decline again in 1969 (to 47) See Chun, op. cit., pp. 103 and 114-115.

strains apparently will vary, for example, depending on the nature of its perceptions of external threat and of the situation in the South. This may account for the more expectable--if indeed actual--move by North Korea in the last few years toward a more "minimalist" orientation. To be sure, there are a number of other possible explanations for this apparent move. It may be, for example, that the internal economic pressures and constraints are more severe than in the earlier period. Alternatively, it may be that, given its rising GNP, North Korea is able to derive further increments in military capabilities with the same or lower share devoted to military spending. It would appear that broader North Korean perceptions are also a factor however. Given the collapse of Vietnam and perceived weakening of U.S. will for unilateral overseas actions (particularly in Asia), the relative decline in U.S. military capability vis-à-vis the Soviet Union, the growing strains in South Korea in the final years of the Park Administration, and the announced U.S. intention to withdraw all combat forces from the peninsula, North Korea's long-term prospects in the latter half of the 1970s looked highly favorable even if short-term problems remained. Under these circumstances, North Korea could afford to be less preoccupied with external matters and to devote greater attention to its pressing economic needs. The apparent refusal of China and the Soviet Union to support North Korean military adventures, at a minimum, bolstered this inclination. In this sense, the state of the economy appears to be a somewhat variable, although clearly important, contributing factor behind North Korea's general orientation.

A fourth "determinant" of North Korea's policy inclinations relates to its domestic political situation. Unfortunately, this is a hard one to adequately describe. The emphasis in the available literature on the "totalitarian" or "monocratic" nature of North Korea would lead one to believe that political infighting and factional intrigue are not significant factors in North Korean decisionmaking. Kim Il-sŏng is the Party, the Party is the state, ergo Kim Il-sŏng is the state. The result, as the leading Western authorities describe it, is "monocracy, government by a single man."[32]

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[32]Scalapino and Lee, op. cit., p. 461.

We know, however, that North Korea has experienced substantial political intrigue and infighting. Moreover, we know that on at least two occasions such political infighting combined with competing propensities pertaining to the management of the economy to produce major political conflict and systemic instability. Against the backdrop of the de-Stalinization process occurring in the Soviet Union, for example, leaders of both the Yenan and Soviet factions criticized Kim Il-sŏng severely following the Third Party Congress in 1956, seizing upon his economic policies as a means for challenging his personal rule. Subsequently, extensive purges were carried out: 43 out of 70 regular members and 32 out of 44 alternative members of the Third Central Committee elected in 1956, a total of 75 of the original 114-member body, were dropped from the succeeding Fourth Central Committee five years later; out of 135 members on the new Central Committee, 96 were new faces.[33] Again in the mid-1960s another round of political infighting broke out. This latter case occurred within Kim's own faction and hinged even more directly, although apparently not exclusively, upon policy differences pertaining to the management of the economy. Again an extensive purge ensued, this time of senior officials associated with economic planning.[34] Both power struggles were followed by dramatic changes in North Korea's economic policies: in the 1950s, by a move away from the "learn from the Soviets" orientation toward a new policy of "self-reliance" (chuch'e) designed to achieve a self-sufficient economic structure; in the 1960s, by a move away from the simultaneous development of both light and heavy industry and agriculture reflected

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[33] Kim, Ilpyong, op. cit., especially pp. 33-35 and 65-72.

[34] Key leaders purged or demoted during this period included many of the "moderate" leaders of North Korea (Pak Kŭm ch'ol, Yi Hyo-sun, Pak Yong-guk, Yim Ch'un-ch'u, Kim Ch'ang-man, Kim To-man, Pak Yong-ku, etc.), as well as a number of senior individuals responsible for matters pertaining to economic production (Chŏng Il-yong, Nam Il, Yi Chong-ok, Yi Chu-yŏn, Hyŏn Mu-gwang, and Han Sang-du). These leaders questioned the feasibility of the "greater emphasis to the military" policies, and urged a reduced rate of growth and more balanced development effort. A number apparently also opposed Kim's effort to establish chuch'e ("self-reliance") as the sole ideology of North Korea. See Hayashi Takehiko, *Kita Chosen to Minami Chosen (North Korea & South Korea)* (Saimaru Publishing House, 1971), p. 152. For Kim Il-sŏng's denunciation of their "passiveness" and "conservatism," see the *FBIS Supplement*, May 3, 1968.

in the "equal emphasis" orientation toward a major shift to heavy industry and a drastic increase in military expenditures. All this suggests a somewhat less rigid system than the one commonly portrayed, one in which the intricacies and exigencies of domestic politics become important determinants of North Korean decisionmaking activities. What we don't know much about is how this happens and why.

There may be a general sort of linkage, in this regard, between what might be called "stages" of political leadership and North Korea's broad policy inclinations. One is struck, in looking back at North Korea's post-Korean War political history, at the confluence between certain stages in political leadership (consolidation of political power, ascendancy and accommodation, retrenchment and reformulation) and movement between what has been called here a "minimalist" and "maximalist" position. To the extent that this confluence is causal rather than merely coincidental in nature, it suggests that leadership definitions of their domestic, political needs may be a more significant determinant of North Korea's policy inclinations than is generally acknowledged.

At this point, perhaps the most that can be said is that an important *political* determinant of North Korea's inclination is the dominant tendencies of its principal leaders. In the past, North Korean leaders have placed heavy emphasis on political or ideological objectives. This has tended to strengthen North Korea's motivation to maintain a high level of military effort. At times, however, they have been more inclined to technical or bureaucratic objectives. This has tended to encourage North Korea to decrease or moderate its military efforts. Key factors influencing leadership tendencies, of course, include the nature of its perceptions of external threat, of South Korea's internal situation, and of North Korea's economic performance. Some sort of estimation of costs and benefits in domestic, political terms is probably also a factor. In the 1980s, this question of the dominant tendencies of the principal leaders seems certain to be central to North Korea's political evolution.

One related issue should also be mentioned. This concerns the role of Kim Il-sŏng. In the past, the strong assertion of authority by the Great Leader has tended to be associated with a heightening

of ideological rigidity and a militarization of North Korean behavior. Indeed, Kim's "revolutionary tradition" has been a principal basis for leadership legitimacy. There have also been times, however, when Kim's authority has been less strongly asserted, either because of direct political challenges (e.g., mid-to-late 1950s) or because of reasons of a more personal (e.g., desire to assure his son's succession) or systemic (e.g., dependence upon economic expertise) nature. These latter times have generally been accompanied by serious policy differences within the leadership and pressures to moderate military efforts. This suggests that the basic tendencies of the North Korean leadership are heavily influenced by the nature of the role played by Kim Il-sŏng. It also suggests that, in a way somewhat different from that commonly portrayed, the role of Kim Il-sŏng itself is an important determinant of North Korea's policy orientation.

The final broad "determinant" is ideology. North Korean ideology, predicated upon the concept of chuch'e or "self-reliance," is a sort of catch-all body of doctrine, emphasizing the importance of making indigenous needs and objectives the central standard in pursuing national independence and economic development. As such, it appears to play three main roles: it helps to structure national planning and program implementation; it helps to organize and mobilize the masses for political participation and economic construction; and it helps to justify or rationalize actions often taken for other reasons. In this sense, ideology (excluding the issue of reunification) is different from the other "determinants" in that it does not necessarily *require* North Korea to do anything in particular. Rather, by emphasizing nationalism and socialist revolution, it serves as a basis for leadership legitimacy and as a measure of revolutionary success. Still, ideology can be an important factor influencing North Korean motivations. In general, its impact varies with the degree of salience the leadership accords to ideological imperatives. An emphasis on the dictates of ideology tends to reflect rather broader North Korean rigidity and to encourage the adoption of a "maximalist" position. A diminution of ideological emphasis encourages movement to a more "minimalist" policy orientation.

PROPOSITIONS

At the most general level, North Korea's broad policy orientation will be determined by the leadership's definition of its long and short-term prospects. In this definition, the situation in the South will figure heavily but the other policy "determinants" will be important factors as well. As a general statement, North Korea appears most likely to move toward a "minimalist" orientation when it is *optimistic* regarding its long-term prospects; this will be particularly true when, for one reason or another (lack of allied support, pressing economic difficulties, etc.) it is *pessimistic* about short-term trends. North Korea will be likely to move toward a "maximalist" orientation when it becomes *pessimistic* about long-term prospects; particularly dangerous, as the period between 1947 and 1953 suggests, is a situation which finds North Korea *optimistic* about short-term prospects while pessimistic concerning long-term trends. Within this range, North Korea's policy orientation will be determined by the nature of the particular combination of circumstances that are perceived to exist at any point in time. On the basis of the analysis presented above, it is possible to fashion a number of propositions regarding these circumstances as they impinge upon North Korean policy inclinations. These propositions focus on one central question: *what combination of circumstances are likely to lead North Korea to either increase or decrease its military efforts over the next 5-7 years.*[35] In regard to the "most" likely circumstances, the following might be proposed.

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[35]All of the propositions concerning *increased* military efforts include two central assumptions: that North Korea will have sufficient economic *capability* to allow for such increased efforts; and/or that, lacking such a capability, the leadership will have the *will* to see the general standard of living lowered. In the absence of one of these two conditions, North Korea will lack the minimum requirements essential for increased military efforts. None of the propositions, it should be emphasized, imply *whether* the circumstances described are likely to prevail over the next 5-7 years or not. They are only meant to suggest *what* circumstances would be likely to lead North Korea in one or another direction, *assuming* that the circumstances described existed.

Proposition 1: *the circumstances most likely to lead North Korea to increase its military efforts over the next 5-7 years would be a serious exacerbation of North Korean anxieties concerning its security position combined with a deterioration (from North Korea's perspective) of the prospects for reunification and a consolidation of political power in leaders committed heavily to political or ideological objectives.* Most important concerning North Korean security anxieties would be a successful U.S. effort to involve Japan militarily in South Korea. Also important would be a dramatic strengthening of the US-ROK defense system, particularly if combined with a deterioration in North Korea's alliance relationships. Most important concerning the prospects for reunification would be a major bolstering of South Korea's alliance relationships, that with Japan in particular. Also important would be a dramatic expansion of South Korean military capability of the sort that threatens North Korea's perceived margin of military superiority. Most important concerning political power consolidation would be a strong reassertion of personalistic rule by Kim Il-sŏng, or succession to a leader whose legitimacy rested heavily upon Kim's "revolutionary tradition."

Proposition 2: *the circumstances most likely to lead North Korea to reduce its military efforts would be a prolongation of serious, but not drastic, economic difficulties combined with a diminution of anxieties concerning North Korea's security position, a strengthening of confidence in North Korea's margin of superiority to exploit any opportunities vis-à-vis the South, and the emergence of a leadership disposed heavily toward technical expertise or bureaucratic objectives.* Most important concerning North Korean security-related anxieties would be a dramatic improvement in North Korea's relations with the United States and Japan.[36]

Although falling short of the "most" likely designation, a number of other circumstances would also be likely to have important influences upon North Korea's future behavior. These can be stated in a number of subsidiary propositions.

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[36]The insertion of the qualifier "serious, but not drastic" regarding a prolongation of economic difficulties is important. If its economic difficulties are not sufficiently "serious," North Korea would have little motivation to reduce its military efforts. If they are *too* serious, however, as suggested by the experience of the mid-to-late 1960s, they would only heighten the salience of political or ideological objectives. Particularly if combined with heightened anxieties concerning its security position (see Proposition 5), this would be likely to lead North Korea to increase or at least maintain its level of military effort.

Proposition 3: *a significant deterioration (from North Korea's perspective) of trends in the East-West balance coupled with serious strains in North Korea's alliance relationships would be likely to lead North Korea to increase or at least maintain its level of military effort.* The most important indicator of deterioration in the East-West balance would be a significant demonstration of U.S. capability and will for military action abroad coupled with a decline in the comparable capability and will of North Korea's allies. Also important would be an actual or de facto Sino-American alliance, particularly in the absence of some rapprochement or normalization of relations between North Korea and the United States.

Proposition 4: *a major deterioration (from North Korea's perspective) in the prospects for reunification on North Korean terms combined with a consolidation of power in leaders committed heavily to political or ideological objectives would be likely to lead North Korea to increase or at least maintain its level of military effort.*

Proposition 5: *a dramatic exacerbation of economic difficulties coupled with a serious heightening of security-related anxieties would be likely to lead North Korea to increase or at least maintain its level of military effort.*

Proposition 6: *ideology will require North Korea neither to increase nor decrease its military efforts; rather it will facilitate and rationalize actions taken for other reasons.*

One other proposition should also be posed. This proposition seeks to link a reduction of North Korea's military efforts to its twin concerns of reunification on North Korean terms and economic development. Simply stated the proposition might take the following form: *the conviction that reunification on North Korean terms is not possible coupled with an exacerbation of economic difficulties would be likely to lead North Korea to reduce its level of military effort.*

This proposition reflects a view widespread in both South Korea and the United States. This view regards North Korea's commitment to reunification on its terms as the sole driving force behind its military efforts. Once North Korea becomes convinced that this kind of "reunification" is impossible, then economic difficulties will compel it to reduce its level of military effort. Short of this

conviction, this view often holds, North Korea will continue on the course of major military expansion.

Ultimately, the proposition reflecting this view may turn out to be accurate. It certainly accords with most U.S. and South Korean policy preferences. The problems with this proposition, however, are twofold. First, it is not based on any *empirical* evidence. Indeed, what evidence exists suggests precisely the opposite: namely, that the worse the long-term prospects for "reunification" appear, the more likely North Korea is to *increase* its military efforts (e.g., late 1940s, mid-to-late 1960s). On the other hand, a motivation to reduce or moderate North Korean military efforts appears to coincide with improved prospects (from North Korea's perspective) for "reunification" and greater confidence in North Korea's ability to exploit developing opportunities (e.g., mid-to-late 1950s, late 1970s). While a "conviction" that reunification on North Korean terms is not possible might indeed motivate North Korea to reduce its military efforts, this simply cannot be inferred from past behavior. At this point, the proposition itself appears to rest less on analysis than on conviction.

The second problem is that the proposition ignores the interrelationship between North Korea's desire for "reunification" and other "determinants" of North Korean policy. Indeed, the proposition treats the issue as if it were simply a matter of persuasion. As suggested above, however, "reunification" has become linked to the fundamental legitimacy of the ruling regime. The effects of renunciation of this objective in domestic, political terms would undoubtedly be substantial. Indeed, renunciation may very well be politically impossible. Even if it were theoretically possible, the *process* by which North Korea would become "convinced" of the impossibility of reunification on North Korean terms would almost surely stimulate serious anxieties concerning its security position. Even with an exacerbation of economic difficulties, such anxieties might very well be sufficient to generate an effort by North Korea to *increase* rather than reduce its military efforts. Indeed, as the example of the mid-1960s suggests, North Korea might be *more* inclined to increase

its military efforts in the face of such anxieties and economic difficulties, using these efforts perhaps as a scapegoat for its poor economic performance. For these reasons, the proposition seems of little analytical utility.

IV. ASSESSMENT

SYSTEMIC CAPABILITIES

That there are serious problems with North Korea's approach to managing the economy is undeniable. Many of these problems are common (although not apparently restricted) to centrally planned economies (bureaucratic inertia, sectoral bottlenecks, poor product quality, etc.). Others may reflect more unique characteristics (subservience of economic to political objectives, excessively ambitious growth targets, etc.). Whether these problems are of such a nature or magnitude as to represent a fundamental impediment to the "sustainability" of North Korea's military efforts is a difficult question to answer. Indeed, given the nature of the data available, a definitive answer is probably not possible.

The argument that North Korea's basic approach precludes or fundamentally hinders "sustainability" would seem to rest on two main contentions. The first is that North Korea's extreme centralization and rigid political control have become outdated. Given the size and complexity of the economy, North Korea's insistence upon central planning breeds only inefficiency and inflexibility which threatens a major systemic "crisis" in the absence of fundamental, structural reform. Declining growth rates and obvious lags in certain sectors are often adduced to support this contention.

Declining growth rates, however, are hardly unique to North Korea. Nor, as even the United States is finding out, are sectoral difficulties.[37]

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[37] See, for example, "Retooling for Defense--An Unsettling Look at How Industry Would Respond to War" in the *Los Angeles Times*, July 26, 1981; "Doubt Cast on U.S. Ability To Arm in Crisis" in the *Los Angeles Times*, February 16, 1981; "Why Defense Costs So Much" in *The New York Times*, January 11, 1981; and "House Unit Sees National Security Threatened by Arms Industry Lag" in *The New York Times*, January 5, 1981. This last article describes a Congressional report that, in the words of the head of the study, paints a "shocking picture. . . of an industrial base crippled by declining productivity growth, aging facilities and machinery, shortages in critical materials, increasing lead times, skilled labor shortages, inflexible Government contracting procedures, inadequate defense budgets and burdensome Government regulations and paperwork."

Even if they were, the concrete linkage between North Korea's brand of central planning and systemic "inefficiency" is not self-evident. The same central planning that has produced excessively high growth targets has also produced a relatively balanced growth of agriculture and industry; unlike the cases of many other centrally planned economies, this has enabled North Korea to avoid having to drain its hard currency reserves to buy food and grains abroad. Moreover, whatever the theoretical validity of this contention, there is little empirical evidence that supports the notion of a looming "crisis." As described above, the centralized system appears to be functioning *reasonably* well. Indeed, it may only be North Korea's extreme centralization and rigid political control that prevents a "crisis" from occurring. As the case of China may suggest, a move toward decentralization and liberalization is not, in the short term at least, necessarily synonymous with military "sustainabilty." The argument that North Korea's insistence upon centralization and rigid political control is outdated and represents a major impediment to the maintenance of a high level of military effort, therefore, does not seem persuasive.

The second main contention is that North Korea's marked emphasis on mass movements and ideological exhortation to mobilize and motivate its workers has reached the point of diminishing returns. While such a mobilization strategy is appropriate to a developing country still at the stage of "extensive" growth, it is not appropriate for one at the stage of "intensive" growth such as North Korea. This latter stage calls for developmental strategies other than those relying upon the mobilization of organizational slacks and surplus resources (i.e., upon increasing efficiency and technological progress). North Korean adherence to economic development through forced savings and mass mobilization, according to this contention, merely increases inefficiencies and generates popular unrest that threatens the "sustainability" of its military efforts.

Whether North Korea has already reached the point of "diminishing returns" or not is not immediately evident. In economic terms, North Korea may very well still have a cushion of time before the "inevitable" sets in. Be this as it may, from a political perspective

there are a number of factors that would seem to enable continued reliance upon such a development strategy. These include: the small scale of North Korea and its marked isolation; the *basic* unity of the ruling elite; the divided status of Korea; the widely shared sense of insecurity and the militaristic organization of society; and, last but certainly not least, the *relative* success of the mobilization effort. Moreover, as suggested above, North Korea does provide incentives at both the macro and micro levels that are perhaps underestimated. As long as these factors continue to exist, it is not clear why North Korea's emphasis on mass movements and ideological exhortation rather than on material incentives or pecuniary rewards need represent a fundamental impediment to the "sustainability" of its military efforts. As suggested above, in important ways they would seem to contribute to it.

It should be emphasized that these tentative conclusions are not meant to imply an absence of serious difficulties in North Korea's management approach. They are only meant to suggest that the consequences of these difficulties for the "sustainability" of North Korean military efforts may not be as significant as the available literature might lead one to believe. Although one can never be fully confident given the nature of the data available, on balance it would appear that the capabilities of North Korea's management system will not, in and of themselves, preclude the maintenance of a high level of military effort over the next 5-7 years if the leadership so decides. Indeed, in many ways they would seem to support it.

ELITE PERCEPTIONS

The *basic* perceptions and interests that have underlined North Korea's approach to decisionmaking and the management of the economy appear to remain constant. The profound changes in the international and domestic environments over the past decade or so do not seem to have occasioned any fundamental alteration in these basic perceptions. Central policy objectives can thus be expected to continue, as can the broad fluctuation between a "minimalist" and "maximalist" orientation. This suggests the need for a careful assessment of recent trends in the key policy "determinants" as a basis for assessing North Korea's

motivation to either increase or decrease its military efforts over the next 5-7 years.

In regard to North Korea's anxieties concerning its security position, recent trends are ambiguous. On the one hand, North Korean appraisals of the United States at the 6th Party Congress in October, 1980, reflect something of a diminished threat perception, both in terms of the U.S. world position and in terms of its role in Korea. Similarly, North Korea has appeared somewhat more relaxed about Japan since the temporary resolution of its debt problems and the increased strains in South Korean-Japanese relations. On the other hand, North Korea has shown considerable concern about a number of more recent steps taken by the new Administration to improve South Korean military capability and strengthen U.S.-ROK relations.[38] It has also evinced great sensitivity toward China's evolving relationship with the United States. Presumably, it is at least equally sensitive toward what may be a developing thaw in relations between South Korea and both the Soviet Union and the PRC.[39]

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[38]See, for example, a lengthy memorandum put out by North Korea's Foreign Ministry on June 23, 1981, the theme of which is that "the danger of war in Korea has been increased more and more since Reagan took over in the United States and since Chon Tu-hwan seized power in South Korea." The memorandum was issued because the Foreign Ministry "recognizes it as necessary to arouse the attention of the world people to the daily increasing danger of a new war in Korea because of the United States and the South Korean authorities." The text of the memorandum is in FBIS, *Asia & Pacific*, June 26, 1981, pp. D5-D14. Also see, inter alia, "Reckless Evil Scheme of Nuclear War," *Rodong Sinmun*, July 12, 1981, "Sinister War Plot," *Minju Chosen*, May 7, 1981, "Dangerous War Confab," *Rodong Sinmun*, May 5, 1981, and "Reagan Must Behave with Discretion," *Rodong Sinmun*, February 19, 1981.

[39]In 1980 the volume of trade between South Korea and China rose to roughly $300 million. Despite repeated denials, reports persist of an arrangement under which Peking exports coal to Seoul in exchange for various electronic items. Similar reports frequently appear suggesting Soviet interest in further developing relations with South Korea, perhaps as a means for obstructing a potential U.S.-PRC-Japan-South Korea alliance or perhaps as a vehicle for exerting political pressure on Pyongyang. Expansion of these relationships is actively sought by South Korea. While the limitations on a dramatic expansion are obvious, the implications for any moves in this direction are such as to seriously stimulate North Korean anxieties.

Which of these two trends will be dominant in the coming period is difficult to say. Undoubtedly, much will depend on the behavior of the United States. A significant improvement of U.S.-North Korean relations would minimize concern with China's evolving posture and lower North Korea's perception of a direct U.S. "threat." Expansive rhetoric and evidence that the United States is prepared to run expanded military risks, especially if coupled with efforts to dramatically strengthen South Korea's military capability and involve Japan in the defense of the South, would significantly heighten North Korea's security-related anxieties. To the extent that the present U.S. inclination represents its likely direction over the coming period, it seems unlikely that North Korea's insecurities and perception of external "threat" will diminish sufficiently to precipitate a major revision of national priorities. On the contrary, such U.S. behavior would make a heightening of North Korean anxieties much more likely. This would presumably bolster North Korea's motivation to increase or at least maintain its military efforts.

Whatever the U.S. actions, however, two general points should be kept in mind: one, North Korean anxieties stem not only from the "threats" they perceive from the U.S., Japan, and South Korea but from the uncertainties of their alliance relationships as well; and two, the range of divergence within the leadership elite regarding these perceptions is relatively narrow. This suggests that the potential for "nonthreatening" images to dominate North Korean elite perceptions is somewhat limited. While there are possibilities for serious divergencies over appropriate military strategy, the *basic* interest in a strong, optimally self-sufficient military capability is likely to remain.

The trends in regard to North Korean perceptions of the situation in the South are somewhat less ambiguous. Despite the emphasis in the United States upon a South-North "cross-over" and the South's "winning the race," it appears that North Korean leaders perceive the North as politically, economically, and militarily superior. In general, they see trends as moving favorably in their direction. This general perception appears to have been strengthened by a number

of recent developments: the manifestation of serious political instability that followed President Park's assassination; the indication of key vulnerabilities associated with South Korea's prolonged economic difficulties, and the evidence of serious strains both within the South Korean military and between the ROK forces and those of the United States associated with the rise of President Chon Doo-Hwan. Such developments have bolstered North Korea's inclination to rely upon political and diplomatic measures to further its objective of reunification, an inclination North Korea is strongly pursuing both bilaterally and internationally.[40] This inclination seems likely to last at least a year or two as the new political leadership becomes consolidated on both sides of the 38th parallel. Other things being equal, this would generally strengthen the motivation to moderate or decrease North Korean military efforts.

The prospects for success in this pursuit, however, do not seem bright given the political conditions North Korea attaches. Unless some face-saving means are devised to get around these conditions, the political and diplomatic measures are likely to lead nowhere. If past experience is any guide to the future, one would expect failure to precipitate a swing back to a more "maximalist" position. This possibility is heightened by recent developments in North Korean

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[40] These measures include what appears to be a major change in North Korea's long-standing policy concerning confederation. Beginning with the 6th Party Congress in October, 1980, North Korea began to imply that such confederation was no longer regarded as simply an initial step on the way to the goal of complete reunification. In the words of the FBIS *Analysis Report* of December 5, 1980, cited earlier, North Korea implied ". . . that the North would now equate reunification with confederation," op. cit., pp. 4-5. For recent North Korean confirmation of this change, see an interview with Hyon Chun-kuk, a senior North Korean political figure and head of a "friendship delegation" that recently visited Japan, in the *Asahi Shinbun* of June 17, 1981. Chun was quoted as saying: "Heretofore we regarded the federal system proposal we had been advocating as a transitional measure until complete unification was achieved; in the new proposal [put forward at the last Party Congress], however, we consider the founding of a Democratic Federal Republic of Koryo, if achieved, as complete unification, leaving the differing systems of the North and South as they are. This is a big difference."

politics, particularly by those associated with the emergence of Kim Chŏng-il and the rise of the military to a much strengthened position. A number of reports that Yim Ch'un-ch'u, a former director of political and espionage operations against the South and a widely regarded hard-liner on policy toward South Korea, will replace technocrat Yi Chong-ok as Premier further underscores this possibility.[41] Coupled with an expected strengthening of the U.S. position in Korea and a bolstering of both South Korean military capability and the U.S.-ROK military alliance, such developments would likely heighten North Korean motivation to maintain or increase its military efforts. A recovery of South Korean political stability and resumption of steady economic growth would, although to a somewhat smaller extent, have similar consequences. Over the coming 5-7 year period, these would seem to be the likely developments.

The recent situation with regard to the state of the domestic economy seems reasonably certain. For a variety of reasons, North Korea has been inclined toward a moderation of its basic approach. There are many signs of this inclination. The necessity of sacrifice for military preparedness has been downplayed. The priority of foreign trade has been enhanced. Relatively restrained development goals have been set for the coming decade, and improvement of the people's standard of living has been raised several steps on the ladder of rhetorical objectives. Most importantly, military spending has been tapering off and apparently declining as a percentage of GNP. All this reflects pressures for greater balance in North Korea's development efforts. It also attests to the increased ascendancy of technocrats and economic managers, and the general shift to a more "minimalist" orientation.

There are indications, however, of considerable tensions within the North Korean leadership over how far to carry this orientation. The desire for economic rationality on the part of the technocrats does not appear fully consonant with the more ambitious goals of the

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[41]For the most recent report, see the *Far Eastern Economic Review*, May 15-21, 1981, p. 50.

Party leaders. Reflecting these tensions, recent broadcasts and editorials have stressed the need for "Party leadership" over economic activities to ensure that all affairs are conducted in accordance with the demands of the Party. Economic functionaries, this propaganda has made clear, are to pursue modernization "in a revolutionary manner. . . in accordance with the realities of our nation, firmly assuming a chuche-type position"; they should "boldly propose struggle targets on a large scale to enact a basic reform in the modernization of the national economy"; and, keeping "in line with our concrete conditions and priorities," they "should comply with the Party's intention and demands without procrastinating."[42]

While any number of developments could precipitate a swing back to a more "maximalist" orientation, one would probably ensure it: the failure of the economic leadership to fulfill present growth targets. Here an important question would appear to be access to investment capital. To be sure, a lack of investment capital would have direct effects in limiting the resources available for defense purposes.[43] The failure to secure sufficient funds for investment, however, would frustrate attainment of North Korea's development goals, undermine the leadership of the technocrats and economic managers, and probably

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[42]"Let us Vigorously Accelerate Modernization of the National Economy," an editorial in the *Rodong Sinmun*, December 11, 1980. For other representative editorials, see "Let Us Thoroughly Implement the Party's Leadership in Revolution and Construction," "Let Us Further Increase the Militant Power of Party Organizations," and "The Strengthening of Party Guidance in Economic Work Is An Important Requirement To Bring About an Upsurge in Socialist Construction," in the *Rodong Sinmun* of December 19 and 25, 1980, and January 8, 1981, respectively. The effort to assert Party leadership and give greater emphasis to political considerations appears to have intensified significantly in the first half of 1981. See, for example, the following special articles and editorials: "Consolidating an Independent National Economy Is a Firm Guarantee for the Prosperity and Progress of the Country," "Great Guidance Leading Revolution and Construction to Constant Upsurge with Bold Operations," and "True Way of Socialist Economic Management Opened by Great Leadership" in the *Rodong Sinmun* of March 19, April 28, and July 15, 1981, respectively. North Korea went so far as to publish the complete text of a speech given by Kim Il-sŏng in January, 1960, denouncing those "functionaries who consider the administrative method paramount in their work"; insisting that "political work should be given priority," Kim called for the strengthening of "party guidance. . . in all sectors of the national economy." For the complete text of the 1960 speech, see *Rodong Sinmun*, August 6, 1981.

[43]This is one of the points emerging from the larger Rand study.

heighten the salience of political and ideological objectives. Based on past patterns, this would be more likely to influence North Korea to maintain or increase its military efforts than to moderate or decrease them. For these reasons, the answer to the question of access to investment capital seems a central one, both for North Korea's economy and for its future policy orientation.

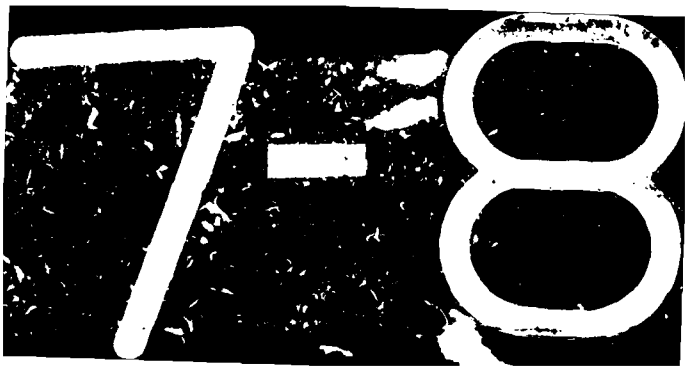
Most uncertain are the situations concerning the political situation in North Korea and the salience of ideological imperatives. To the extent that past patterns throw light on leadership tendencies, these have already been described. One issue without past patterns, however, is that of generational change and leadership succession. In the past few years, North Korea has begun a leadership transition that, in contrast to that of China at least, appears relatively smooth and harmonious. Kim Il-sŏng has made clear his intention of passing the baton to his son, Chŏng-il, and a number of people closely identified with him have begun to appear in key positions. By all accounts, the succession process is considerably more well-advanced than one might have expected. Nevertheless, the prospects for Kim's ultimate success are at best uncertain. Key questions would seem to include: how long a time the succession process takes; whether during this time Chŏng-il can establish his own leadership credentials apart from his illustrious parentage; whether he is able through this effort to gain and maintain control over the Party; and whether he can prevent the military from siding with the technocrats in favor of a more acceptable figure. While the prospects for Chŏng-il's ultimate succession are problematical, it is possible to speculate on the likely implications should succession succeed. To the extent that Kim's efforts represent an attempt to protect against possible "revisionist" tendencies and to ensure the continuation of his "revolutionary" tradition, "successful" succession would be likely to heighten the salience of political and ideological objectives and increase North Korean motivation to maintain a high level of military effort.

If this assessment is reasonable, then two broad conclusions seem possible. The first is that there are not many things that are

likely to motivate North Korea to significantly *decrease* its military efforts. The major hope for reduction, namely a sense of economic "burden," does not appear strong. Even if it were, past patterns suggest that really drastic economic difficulties would likely lead in the opposite direction, particularly so if they were accompanied by a strong perception of external "threat." At the same time, there is a relative paucity of other factors that would lead North Korea to significantly reduce its military efforts. Moreover, as reflected in Proposition 2, any such reduction would require a confluence of these factors before becoming determinative. In contrast, as suggested in Propositions 1, 3, 4, and 5, many things can lead North Korea to *increase* or *maintain* its military efforts. And any one or two of these have the potential for being determinative. None of this would seem to provide much hope for those who anticipate a major reordering of North Korea's national priorities.

The second broad conclusion is that the most recent trends make any such reordering of national priorities and significant reduction of North Korean military efforts appear even more unlikely. At this point, virtually all the circumstances described in Proposition 1, the one "most" likely to lead North Korea to increase its military efforts, seem like real possibilities over the coming 5-7 year period: emerging Administration policies toward the Korean peninsula seem likely to heighten North Korea's security-related anxieties, as will continued strains in North Korea's alliance relationships; growing stability and economic revival in South Korea, coupled with expanded Japanese involvement and a solidification of U.S.-ROK ties, seem likely to set back further (from North Korea's perspective) the prospects for reunification; and continuing dominance of Kim Il-song and the apparent (at this point) likelihood of his son's succession seem likely to ensure the consolidation of political power in leaders committed heavily to political or ideological objectives. Similarly, circumstances described in Propositions 3, 4, and 5 are also quite conceivable. Such developments would be likely to heighten North Korea's pessimism regarding its long-term prospects. Based on past patterns, this would encourage a move toward a more "maximalist" orientation.

Less likely is a prolongation of the confluence of factors described in Proposition 2. While a continuation of serious economic difficulties is certainly conceivable, all of the other circumstances seem unlikely to prevail if most recent trends persist. In the absence of such circumstances, a continuation of economic difficulties is not likely in and of itself to precipitate a major reduction in North Korean military efforts. On the contrary, should these difficulties become too severe they could very well lead in the opposite direction. A situation in which North Korea is pessimistic regarding short-term trends but generally optimistic about long-term prospects would appear to be necessary for precipitating a reduction or moderation of its military efforts. If the U.S. interest is to induce North Korea to move in this direction, it will have to tailor its policies more specifically toward this objective.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